

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, AUGUST 31, 1933

**Help him carry
the burden**



The home owner has his troubles. Taxes, repairs, mortgages, and that isn't the half of it.

The insurance man is becoming increasingly important in the home owner's scheme of things. If the insurance agent or broker is conscientiously trying to be of real service, he is helping the home owner carry the load. He is giving him freedom from worry.

In their race after the big lines insurance men frequently neglect the home owner. But there's a chance to build up a good business among these home owners and there's no telling when they may wish various forms of insurance apart from those covering the home itself.

Therefore, in the August issue of The Employers' Pioneer you will find interesting figures regarding accidents around the home. You may read about the opportunity to develop more business in selling residence

liability insurance. Fire, burglary and automobile are also considered from an angle that may give you a new slant.

In addition we are very glad to present several interesting articles from the field. An agent looks at underwriting and claim problems. Another tells us something about the highest golf course in the world. And those interested in selling contract bonds will be benefited by the article "When is a dollar not a dollar."

Briefly, that is what is offered you in the August Pioneer. As usual it is illustrated. This month the drawings have an added significance which we think should give you selling ideas.

If you would like to have a copy of The Employers' Pioneer for August, write the Publicity Department, 110 Milk Street, Boston. There is no obligation on your part.



The Employers' Group *The Employers' Liability Assurance Corp. Ltd. • The Employers' Fire Insurance Co. • American Employers' Insurance Co.* **110 Milk Street, Boston**

THE EUREKA-SECURITY
FIRE & MARINE by successfully
weathering all wars, panics, con-
flagrations and depressions dur-
ing the past sixty-nine years has
thoroughly proven its strength
and ability to serve properly
policyholders and agents. Such a
company is an excellent one for
you to have in your agency.

**THE
EUREKA-SECURITY
FIRE & MARINE INSURANCE CO.**

Established 1864
CINCINNATI, OHIO

LARGE ENOUGH
To write lines liberally

SMALL ENOUGH
To give individual attention

YOUNG ENOUGH
To grow by giving service

OLD ENOUGH
To have profited by experience

The National Underwriter

Thirty-Seventh Year—No. 35

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, AUGUST 31, 1933

\$4.00 Per Year, 20 Cents a Copy

Trust Fund Plan Being Discussed

Secretary Bennett, National Association of Insurance Agents, Gives Views

SOME DECISIONS CITED

Custom Would Have to Be Revolutionized in the Collection of Premiums

GRAND RAPIDS, MICH., Aug. 30.—W. H. Bennett, secretary and general counsel National Association of Insurance Agents, spoke before the new insurance section of the American Bar Association here this week on "Insurance Premiums as Trust Funds." This is a live subject among agents and companies owing to the effort of the companies to have the trust feature specifically acknowledged in the agency agreement. Mr. Bennett said that during the last two years economic conditions have brought to the front the trustee relationship between company and agent and the measure of liability of an agent where these funds are not accounted for on settlement day. Insurance policies are written from day to day and the money either collected on delivery or subsequently. This money is deposited in the banking house which contains all the money collected for several different companies that an agent represents. Agents have not been expected to and do not pay these balances until a subsequent day, running from 45 to 60 days from the end of the month in which the policy was written.

Practice as to Payment of Balances

Therefore, out of the accumulated fund the agent pays his balance, wholly irrespective of and without any relation to the amount received from a given client on a given policy issued in a given company. As Mr. Bennett put it, this is the "custom of the realm" in insurance. Under such universal custom, he asserted, the declaration by a statute or contract that a given transaction constitutes a trust relationship does not make it so. In practical operation, he said, no premium has ever been collected by an agent and ear-marked as belonging to the company which issued the policy for which the premium was paid as consideration.

Effect of Trust Fund Statutes

He finds that in New York, Michigan and Massachusetts there are statutes holding that premiums collected constitute a trust fund and providing a penalty for the use of such funds other than forwarding them to the company as constituting larceny or embezzlement. Michigan has the most drastic law of the kind. He said it would appear under the Michigan statute that any agent who failed to earmark every single dollar collected and turned over that particular

Super-Committee Formed in Chicago for Auto Affairs

REPRESENTS VARIOUS GROUPS

New Agency Is Expected to Harmonize and Coordinate the Work in the Automobile Field

Creation of a committee of six to act more or less as a supreme court in Chicago automobile affairs, so far as organization companies are concerned, has been completed.

Two members of the committee represent the western advisory committee of the National Automobile Underwriters Association, they being E. A. Henne, vice-president and western manager of the America Fore companies, and G. H. Bell, western manager of the National of Hartford. Two members represent the theft committee of the Automobile Protective & Information Bureau, they being A. F. Powrie, western manager of the Fire Association, and W. H. Eastman, zone manager of the General Exchange. J. W. Burden, automobile superintendent for the Hartford, is on the committee, representing the Automobile Superintendents Club of Chicago. J. A. McClelland, loss superintendent of the Great American, represents the Western Loss Association.

Heretofore several agencies have been working on various phases of the automobile theft situation in Chicago. At times the question of jurisdiction arose. There has been the Automobile Superintendents Club of Chicago and the Western Loss Association, which sanctioned the joint committee to study the salvage and towing problems. Then there was the national theft committee and a contact committee of executives to negotiate with Chicago agents.

Under the new arrangement, the expectation is that the work of the various agencies can be coordinated and harmonized and that a united front will be presented in whatever is undertaken.

This super committee will have charge of everything in Chicago automobile-wise, except in the matter of rates and the super-committee will have charge of recommending rates. Whatever negotiations are conducted with police and public officials will be under the auspices of the super-committee.

In recent developments in the automobile situation, the fact was emphasized that authority and responsibility are divided. Executives have been giving much attention to the problem in the last few weeks with the result that the super-committee was formed to the satisfaction of the various interests.

dollar to that particular company was headed straight for jail. But the Michigan supreme court held otherwise in the case of Globe & Rutgers vs. Fisher (234 Michigan 258). The court said that an action of conversion does not lie in favor of an insurance company against an agent who withholds premiums where the agency contract does not require the agent to turn over to the company the specific money claimed to have been converted.

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Field Scanned for Likely Successor to Allan Wolff

NO CAMPAIGN IN EVIDENCE

Bair, Cole, Matt Smith, Ridge Among Those Mentioned for Chairman of National Agents Association

Although nothing resembling a campaign is in evidence, members of the National Association of Insurance Agents at this time are naturally expressing interest in who is likely to be elected chairman of the executive committee at the annual meeting in Chicago. By unwritten law, the chairman of the executive committee one year is elected president the next. Therefore, Allan I. Wolff of Chicago is certain by precedent to be elected to the highest position in the association.

The list of those available for the position of chairman of the executive committee seems to boil down to three or four. In the first place there are the present members of the executive committee. Two members of that committee are past presidents and so are out of the running, they being W. B. Calhoun of Milwaukee and Percy H. Goodwin of San Diego.

Smith a Possibility

Matt G. Smith of Baton Rouge, La., is a possibility, although the fact that President Charles L. Gandy is a southern man might cause the association to look to other parts of the country this year. Kenneth H. Bair of Greensburg, Pa., and T. S. Ridge, Jr., of Kansas City, Mo., appear to be the most likely material from among the present members of the executive committee. Mr. Ridge has been on the sick list but he is far from being incapacitated.

Outside the ranks of the executive committee, the most obvious choice would seem to be E. J. Cole of Fall River, Mass., who is chairman of the finance committee of the National association.

At this time there seems to be no official slate and no sign of a campaign. The field seems to be confined pretty largely to those mentioned, but the selection of some other leader is not impossible. Last year Mr. Wolff was not generally mentioned as a possibility for chairman of the executive committee until the time of the meeting. The same situation may develop again and one who is not now being talked about may be selected.

Meeting of Tennessee Association Reported

A full report of the annual convention of the Tennessee Association of Insurance Agents, which was held last week at Signal Mountain, including the addresses, discussions, election of officers and other points of interest, is presented in a special insert as part of this issue of The National Underwriter, beginning on page 20.

Insurance Needs Bankruptcy Law

Van Schaick Believes Uniformity, Perhaps Through U. S. Act, Should Be Sought

BIG WASTE IN FAILURES

Opposed Interests Represented by Primary and Ancillary Receivers Make Process Inequitable

Either a uniform state law covering liquidation of insurance companies, a goal difficult to achieve; voluntary co-operation between states under auspices of the National Convention of Insurance Commissioners, a distinct possibility, or a federal statute which would wipe out the gross inequities and great difficulties resulting from many ancillary receiverships is needed, Superintendent Van Schaick of New York stated in his paper read before the section of insurance law of the American Bar Association held in Grand Rapids, Aug. 28, by H. C. Spencer, counsel New York insurance department. The subject was "Some Legal Aspects of Insurance Administration."

Mr. Van Schaick in his paper said probably the problem is peculiarly one to be handled under the provisions of a federal statute as no state has sufficiently broad jurisdiction. He considers this not an invitation for supervision by a federal agency but rather merely recognition of the wisdom of the constitutional provisions granting to Congress the power to establish uniform laws on bankruptcies throughout the country.

No Dangerous Possibilities

Mr. Van Schaick does not believe that a federal law on the subject would mark a beginning toward general federal regulation of insurance but it would seem merely to supplement and strengthen rather than to encroach upon state supervision.

He said it appears few, if any, types of insolvency proceedings today are more in need of revision than those in insurance. An insurance company tends to carry on without reference to state lines, but immediately upon liquidation its affairs are isolated in units rigidly separated from each other by state boundaries. Insurance companies are exempted from operation of the federal bankruptcy law.

When a primary receiver is appointed for a carrier, he has little authority in any other state. If independent proceedings are not commenced in other jurisdictions where the company had operated, debtors enjoy unwarranted freedom from necessity of meeting obligations and creditors are at liberty to prefer themselves by attachment and

(CONTINUED ON PAGE 31)

Uniformity in Fire Forms Debated With Buyers' Group

MEETING IN SAN FRANCISCO

Insurance Attorney Replies to Criticism by Head of Insurance Buyers Association

Efforts of American fire companies for many years to bring about uniformity of policy forms, coverages and practices were explained by B. W. Levit, insurance attorney, to members of the Insurance Buyers Association of San Francisco, his paper being in the nature of a reply to that given by A. G. Westcott, president of the association, before the Fire Underwriters Association of the Pacific last February. Mr. Westcott made a plea for closer cooperation between companies and buyers and conference with buyers when changes in policy forms and riders are contemplated. He contended there were many inconsistencies, ambiguities and unsatisfactory coverages resulting under present practices.

Opposed to Participation

Mr. Levit said he did not believe customers should participate in preparation of such forms, that success in operating an insurance company comes from expert technicians and informed underwriters. Insurance companies hardly should or would delegate to customers the decision of delicate underwriting problems often involved in preparing policies and forms.

Development of new coverages by closer understanding of the buyer's problems, Mr. Levit said, is another matter which normal competition between independent insurers should solve without difficulty. There should, however, he believes, be a definite attempt by companies to educate the insuring public in the fundamentals of coverage and risk, and he approved Mr. Westcott's statement that companies should create a direct educational program that would tend to avoid controversies. Mr. Levit pointed to the educational work companies are now doing, particularly through the National Board advertisements. He believes the educational program will be largely extended.

Live Issue for 50 Years

Mr. Levit said that the securing of uniformity in forms has been a live question among underwriters for 50 years. Many old, cumbersome and varied forms of policies of the past have been eliminated.

There are many obstacles in the way of securing uniformity under our system of government, Mr. Levit said, and the wonder is, not that there is still much left to be done, but that so much has been accomplished in the way of standardization and simplification.

It is utterly impossible for insurance to secure uniformity of practice without first achieving uniformity of laws and court decisions. This can be obtained only in one of two ways, either by action of the federal government or by voluntary action by the several states. The first method is precluded by the decision of the United States Supreme Court in 1869 in Paul vs. Virginia.

Some Sad Experiences

The American Bar association, National Conference of Commissioners on Uniform State Laws, and insurance companies have done and are doing all that is possible to bring about voluntary cooperation by the states in regard to uniformity, Mr. Levit said. Insurance companies have had some sad experiences in seeking legislation which they believed to be for the public good. They were accused of selfishness and were subjected to retaliatory measures by shortsighted legislators.

Mr. Levit said the insurance contract should clearly convey the intent of the

Californian Starts Up Ladder



J. CLARK BUCHANAN
Grand Keeper



C. P. HELLIWELL
Grand Welder

J. Clark Buchanan of Los Angeles was elected grand keeper at the Blue Goose convention. C. P. Helliwell was reelected grand welder.

coverage and be free from involved, ambiguous provisions. Every doubt as to the intent of the coverage is a danger point from the view of the company. Courts in the 48 states construe am-

biguities in favor of the policyholder.

Discussion following the address indicated members of the association were not convinced they should not be permitted to participate.

THE WEEK IN INSURANCE

Superintendent Van Schalck of New York says **uniform bankruptcy laws** for insurance, perhaps through U. S. act, are sorely needed to end huge waste in failures. **Page 1**

Super committee is formed in Chicago to deal with the automobile situation. **Page 1**

As the annual meeting of **National Association of Insurance Agents** approaches, the field is being scanned for a likely candidate for chairman of the executive committee. **Page 1**

Secretary W. H. Bennett, National Association of Insurance Agents, gives address before new insurance section of the American Bar Association on "**Insurance Premiums and Trust Funds**." **Page 1**

Arrangements are made by the National Association of Insurance Agents for **breakfast conferences** for benefit of local board members at the coming Chicago convention. **Page 4**

Company officials believe requirement in six states of **quarterly reports** of agents' and brokers' balances will aid collections. **Page 8**

A. T. Vanderbilt, former chairman of board, Public Fire, elected chairman of new **Insurance Section** of American Bar Association at Grand Rapids meeting. **Page 3**

Question of contingent commissions is revived by the address of **Clyde B. Smith** before the Ohio Association of Insurance Agents. **Page 3**

Walter H. Bennett, in Denver address, tells of opportunity for agents under NRA code. **Page 2**

Blue Goose, in annual convention at Toronto, votes to continue with group life insurance scheme, so long as further restrictions are not imposed. **Page 3**

C. F. Shallcross, United States manager North British & Mercantile, gives his views on the **60-day loss payment rule**. **Page 9**

San Francisco insurance attorney replies to criticism of lack of uniformity in fire insurance by president of **Insurance Buyers Association**. **Page 2**

Illinois insurance department sends to automobile companies questionnaire with reference to **automobile fleets**. **Page 23**

Canadian insurance superintendents will hold their annual meeting in Toronto next week. **Page 4**

The **British & Foreign Marine** of Liverpool will hereafter write fire insurance in this country as well as marine. **Page 5**

General revision in **manufacturers' and contractors' liability**, many changes in other sections of liability manual put in effect Aug. 28. **Page 23**

R. M. Knepper of Columbus, in address before International Association of Insurance Counsel, cites some of the faults of the home office in its dealings with the trial lawyer. **Page 25**

Plan employing surety bond, trustee and trust agreement devised to fill gap left by **I. M. U. A. prohibition** of shipper's endorsement on truckman's cargo policy. **Page 25**

Paul H. Rogers joins Aetna Life accident department. Massachusetts Bonding rearranges department organization. **Page 24**

Harold R. Gordon tells insurance counsel accident and health insurance is not really a casualty line but should have a separate classification of its own. **Page 24**

U. S. court of appeals in Philadelphia denies air lines privilege of limiting **passenger liability** to \$10,000; revision of limits upward to \$400,000 and rate changes likely. **Page 30**

John H. Schultz, prominent attorney in Cleveland, who was attending the annual meeting of the **International Association of Insurance Counsel** in Chicago, was a victim of a speed boat collision and was drowned. **Page 26**

Pacific Coast insurance men confer with dry goods merchants in effort to control problems in **liability coverage**. **Page 24**

Important points in settling **casualty and surety claims** outlined by G. W. Denmead at Insurance Counsel meeting. **Page 25**

H. J. Drake asks cooperation of Insurance Counsel in **legislative work**. **Page 26**

Vice-President **W. C. Billings** of the Fidelity & Casualty has resigned. **Page 26**

The **New York Ball Bonding Agency** has been discontinued. **Page 24**

Sees Great Opportunity for Agents in NRA Code Plan

BENNETT SPEAKS IN DENVER

Urges Inclusion of Provisions to Do Away With Cut-throat Competition, Chiseling and Rebating

DENVER, Aug. 30.—Charging the companies with attempting to evade the application of the NRA, W. H. Bennett, secretary National Association of Insurance Agents, declared here that the greatest opportunity of "those who have made the companies what they are today" is to write into the code provisions which "would do away with cut-throat competition and various unfair methods such as chiseling, rebating and cheating."

"This is a chance for the most constructive legislation proposed to date," he said, "and I am willing to risk any indignation which may be raised in furthering a program to establish the business upon a basis of righteousness."

Attacks Surety Companies

He attacked the alleged attempts of surety companies to eliminate the local agent by their direct, wholesale writing of government business, not only in connection with the Boulder Dam project, but also in blanket coverage for receivers of closed banks through the comptroller's department in Washington.

Mr. Bennett voiced the belief that the local agent ought not be under any responsibility to his company for any premium which has not been collected by him. He charged certain prominent fire insurance officials with attempts to have the insurance commissioners at their recent meeting assume the responsibility for compelling agents to pay their delinquent balances.

He expressed a suspicion that the loss of \$125,000,000 on workmen's compensation business in the last ten years was traceable to the doors of company officials more than to the local agents. He indicated the managers wanted the government to help them in lifting the burdens which contributed to these losses, including the agent's commission.

Many Outside Agents on Hand

It is the duty of insurance to do its part in restoring industry to prosperity and fall in line together with the merchants, the retailers, the steel people, the manufacturers, the coal mines and others in a solid front to attain that end, he declared. Mr. Bennett insisted he would not be a party to any plan which would work an injustice upon any insurance company.

Mr. Bennett's address attracted more than 100 agents, including many from other towns and cities. Those at the speakers' table included Herbert Fairall, president Colorado Association of Insurance Agents; Frank England, Jr., president, and Rex Kerr, secretary of the Denver Board; Commissioner Jackson Cochrane, D. J. Main, M. S. Schayer, Clarence Cobb, Herbert Cobb Stebbins, and William Miller, Wichita, Kan., general agent.

Mr. Fairall urged the out-of-town agents to cast their lot with the state association.

SPEAKS AT SALT LAKE CITY

SALT LAKE CITY, Aug. 30.—Members of the Utah Association of Insurance Agents from Salt Lake City, Ogden, Provo and other cities attended the luncheon here in honor of W. H. Bennett, secretary National Association of Insurance Agents. President Carl C. Gaskill of the Utah organization, who operates the Moon Agency at Ogden, presided. Mr. Bennett discussed the NRA program.

Commissioner E. A. Smith spoke briefly. A number of special agents and casualty men were special guests.

New Interest in Contingent Plan

Address of Clyde Smith Before
Ohio Agents Revives
Issue

PROS AND CONS DEBATED

Many Executives Feel Idea, in Theory,
Is Good but Offers Practical
Objections

NEW YORK, Aug. 30.—The interest of executives in the subject of contingent commissions, which has been dormant for sometime, was revived through the address of Clyde B. Smith, former president of the National Association of Insurance Agents, at the annual gathering of the Ohio Association of Insurance Agents. Mr. Smith believes that the payment of contingents would induce more careful underwriting at the source and would result in a lower loss ratio.

Managerial opinion on the subject is divided, with majority sentiment in opposition. Proponents of contingents assert, just as Mr. Smith holds, that if an agent were to receive a profit on the results of his business he would have a definite incentive to underwrite all risks carefully, rejecting those that he felt might result in loss to his companies and probably wipe out his prospects for a contingent at the close of the year.

They refer to the New York suburban territory as supporting their contention that the granting of a contingent is profitable to the agents and to the carriers. In that field a flat commission of 20 percent plus a contingent of 5 percent is paid, and has been for many years. The territory has almost invariably produced a profit, and is one of the most generally satisfactory in which companies operate, serious questions rarely arising therein and all offices eagerly seeking to extend their connections wherever and whenever opportunity offers.

Good in Theory

Theoretically, the contingent plan is not attacked; the practical difficulties are what has arrayed majority sentiment among executives against it. It is conceded that

(CONTINUED ON PAGE 22)

Blue Goose Bars Further Limitations in Insurance

By RALPH E. RICHMAN

As forecast last week J. Clark Buchanan of the California pond, Los Angeles, was elected grand keeper at the Toronto convention of the Blue Goose, and Omaha was selected as the 1934 meeting place. C. P. Helliwell, Milwaukee, New Brunswick Fire, was reelected grand welder and the other officers of the grand nest were advanced. H. B. Leuty, Vancouver, Atlas, becomes grand guardian; T. Ray Phillips, Oklahoma City, America Fore, grand custodian; Samuel A. Mehorter, New Jersey, Home, grand supervisor, and L. H. Bridges, Chicago, Home, most loyal grand gander. Mr. Buchanan is assistant manager of the Inter-Insurance Exchange of the Automobile Club of Southern California.

Life insurance and the constitution and by-laws were the principal subjects of discussion in the convention. Delegates approved recommendation in the presidential address of Most Loyal Grand Gander D. A. McKinley, Seattle, Royal, that the grand nest officers permit no further restrictions in the group life insurance plan. This action was taken by the convention when it adopted the report of the special committee appointed to consider Mr. McKinley's recommendations. But the entire subject was thoroughly discussed at the next session and it was apparent that a substantial group of delegates was opposed to the acceptance of any further modifications in the life insurance plan, limiting in any way the present terms of the contract.

Changes in Constitution

Probably the most important changes made in the constitution and by-laws are, that at least fifty goslings must sign an application for a pond charter and then the charter will be granted only where the prospective membership is at least 100; that grand nest officers, who have served at least one term in such position, need not be accredited delegates from home ponds to the grand nest meeting, and that a pond may be relieved of paying grand nest dues for unemployed ganders.

P. J. V. McKian, chairman educational committee, recommended educational discussions at least once each month except during the summer. William T. Benallack, Detroit, Michigan F. & M., chairman of the emblem committee, reported there is now complete uniformity in the selection and use of

emblems. It was disclosed during discussion of this report that the grand nest possesses a large number of automobile radiator Blue Goose emblems and that these will be offered to the members at 50 cents.

Ralph Hukill, Norwood, O., chairman regional re-districting committee, said his members had reviewed the setup of the present districts and the report of his committee was embodied in the new constitution. The principal changes considered affected the Kentucky, Tennessee, and Colorado ponds. As outlined in the constitution, Kentucky and Tennessee are in the southern district and Colorado in the western.

Mallalieu Makes Report

The committee on the grand gander's address, reporting through Chairman W. E. Mallalieu, New York, manager National Board, approved the recommendations that a full time grand welder be arranged for at some future date but not now; that specific duties for each grand nest officer be assigned by the most loyal gander both for the grand nest and local ponds; that the grand gander's suggestions on insurance be adopted by the delegates; that no curtailment in grand nest financial support take place. The delegates adopted the reports of this special committee without change.

The delegates considered carefully the new constitution and by-laws, making few important changes in the report as presented. The Kansas pond had given consideration to the first proposed constitution and had instructed Delegate F. L. Britton to seek a change in that article which provided that "each elective officer, sitting in a grand nest meeting, must be an accredited delegate from his home pond." Mr. Britton said the objection to this requirement was that for five years it limited the choice of grand nest delegates for the local ponds. It was revealed that a principal reason for this provision was the opportunity given to each local pond of passing upon its grand nest officer and his continued fitness for position and advancement there. After the requirement had been stricken out by a standing vote, a demand for a roll call confirmed this decision.

Provision is made in the new by-laws for the appointment of a nominating

(CONTINUED ON PAGE 31)

Lawyers Organize Insurance Section

A. T. Vanderbilt Elected Chairman
at First Meeting Held in
Grand Rapids

OBJECT IS UNIFORMITY

American Bar Association Division
Starts With Overflow Attendance
of Leading Attorneys

Efforts of the American Bar Association to attack many vital national problems with intensive specialized sectional meetings, one of which was devoted to insurance, developed sufficient interest in the latter field to result in forming an insurance section at the annual convention of the A. B. A. in Grand Rapids this week.

This new enterprise was fostered under the leadership of President C. E. Martins. The officials have labored the past year in effecting a program to mass the full power of the A. B. A. behind a movement for more uniform and equitable state procedure.

Slate of Officers Elected

The slate proposed by the nominating committee was unanimously elected. The officers for the ensuing year are: Chairman, A. T. Vanderbilt, former board chairman Public Fire, Newark; vice-chairman, P. M. Henry, general counsel Equitable Life of Des Moines; secretary, F. C. Haymond, Fairmont, W. Va.

The insurance section council elected is: Douglas Arant, Birmingham; A. D. Christian, general counsel Atlantic Life, Richmond, Va.; W. E. Stanley, Wichita, Kan.; O. R. Beckwith, counsel Aetna Life, Hartford; Horace Schell, Philadelphia; Lamar Hill, vice-president and general counsel America Fore group, New York; Austin J. Lilly, general counsel Maryland Casualty, Baltimore; F. V. Keesling, vice-president and general counsel West Coast Life, San Francisco.

The idea of a separate insurance section was advanced at an informal conference in Washington last October and shortly after the plan was authorized

NEW GRAND NEST OFFICERS ELECTED AT TORONTO



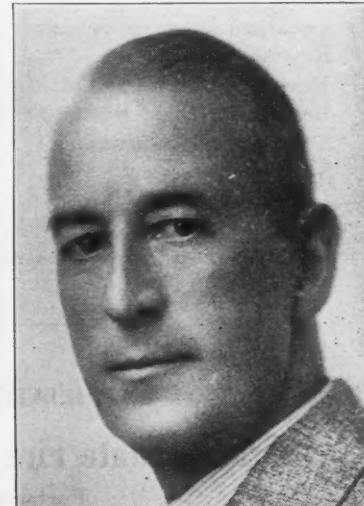
L. H. BRIDGES, Chicago
Most Loyal Grand Gander



S. A. MEHORTER, Newark, N. J.
Grand Supervisor



T. RAY PHILLIPS, Oklahoma City
Grand Custodian



H. B. LEUTY, Vancouver
Grand Guardian

NEW HAMPSHIRE FIRE INSURANCE CO. MANCHESTER, N.H.



SIXTY-THIRD ANNUAL STATEMENT

December 31, 1932

ASSETS

United States Bonds.....	\$ 3,240,750.00
Canadian Bonds	263,800.00
Other Bonds and Stocks.....	10,811,847.01
Real Estate	362,750.00
Agents' Balances	716,346.91
Accounts Receivable	224,789.95
Cash in Banks and Office.....	468,479.78
	<hr/>
	\$16,088,763.65

LIABILITIES

Capital Stock	\$ 3,000,000.00
Unearned Premium Reserve.....	4,517,925.77
Reserve for Losses	539,303.21
Reserve for Taxes and other Liabilities.....	290,575.39
Reserve for Dividends declared and unpaid.....	120,000.00
Contingency Reserve	2,421,000.00
Surplus	5,199,959.28
	<hr/>
	\$16,088,763.65

NOTE: Bonds and Stocks at Insurance Commissioners Convention Valuation.

AFFILIATED COMPANY

Granite State Fire Insurance Company
Portsmouth, N. H.

and a temporary organization formed, as follows: A. T. Vanderbilt, Newark, chairman; P. M. Henry, Des Moines, vice-chairman, and F. C. Haymond, Fairmont, W. Va., secretary. These officers took preliminary organization steps. Solicitation disclosed 1,456 lawyers associated with insurance representing every state in the Union favorable to the idea.

More Than 500 Attend

Soon after the meeting of Aug. 28 was called to order it became apparent the attendance was so large it would be necessary to move to a small auditorium. More than 500 attorneys were on hand. The insurance law section meeting started with pertinent remarks by H. S. Knight, who sketched the preliminary steps and inception of the plan.

A. T. Vanderbilt, chairman of the standing committee on insurance law, presided. By-laws were unanimously adopted. The objects set forth were: "To further the development of the law of insurance in all its branches; to stimulate and extend the study of this field of the law; to cooperate in obtaining uniformity with respect to both legislation and administration in all matters concerning insurance, and to simplify and improve the administration of justice in this field of the law."

Talks on Unemployment Cover

The report of Secretary F. C. Haymond was read. Charles Denby, Jr., of Philadelphia, expert in agricultural administration, spoke on "Unemployment Insurance." He stated he saw no definite way to offset depressions entirely. Various forms of unemployment insurance so far adopted would prove inadequate in times of stress, he said. Some definite workable form will eventuate in time, he feels certain, but much study must be applied to the question.

G. W. Denmead, vice-president and general attorney New Amsterdam Casualty, spoke on "Problems Arising from the Liability of Joint Tort Feasors." H. G. Spencer of the New York insurance department read a paper by Superintendent Van Schaick of New York on the problem of insurance company liquidations.

U. S. Senator Speaks

"Insurance Premiums as Trust Funds" was the topic of W. H. Bennett, secretary National Association of Insurance Agents. U. S. Senator Felix Hebert and Commissioner Gauss of Michigan gave short talks.

Chairman Vanderbilt closed the meeting with the statement that it was expected varied insurance branches, casualty, fire, life, marine, etc., would be handled intimately by sub-committees to be named, with close application to all problems affecting various states. He asked that everyone interested in any phase of insurance get in contact with him or the officers. The officers have pledged themselves to make the new section a factor for progress, and will report at the annual meeting of the A. B. A. next year.

Agents' Code Is Filed

WASHINGTON, Aug. 30.—Assistant Secretary Miller of the National Association of Insurance Agents has filed with the national industrial recovery act commission a code formulated for the government of the agents. While its details have not been made public the understanding is it follows closely that initially prepared by the National Board, plus certain provisions applicable only to the local men.

Moser Waterloo Mutual Manager

F. H. Moser, secretary of the Waterloo Mutual Fire, Waterloo, Ont., has been appointed manager to succeed Arthur Foster, who died recently. Mr. Moser will continue as secretary in addition to his new duties.

The mutual agency of **Roberts & Fortson**, Augusta, Ga., has dissolved. J. H. Roberts will continue the agency under his own name.

Plans Breakfast Sessions for Convention in Chicago

FRANK T. PRIEST IN CHARGE

National Association of Insurance
Agents Arranges for Its Usual
Local Board Conferences

NEW YORK, Aug. 30.—As in former years, breakfast conferences for the benefit of local board members will be held at the forthcoming annual convention of the National Association of Insurance Agents in Chicago Oct. 10-12. The gatherings scheduled for the morning of Oct. 11 will be under the general direction of F. T. Priest of Wichita, Kan., chairman of the local board committee. Three separate conferences will be in session. The first, restricted to representatives of communities up to 50,000 population, will be led by J. K. Boyce of Amarillo, Tex., president Texas Association of Insurance Agents; the second for agents resident in cities of from 50,000 to 250,000 inhabitants, will be presided over by C. F. Liscomb of Duluth, national councillor for Minnesota, while C. O. Ransom of Cleveland will direct discussions in the group composed of agents hailing from centers of over 250,000 population.

Canadian Superintendents Complete Program of Meeting

Charles Heath, insurance superintendent of Manitoba, president of the Association of Superintendents of Insurance of the Provinces of Canada, will preside at the annual conference at Toronto Sept. 5-7. R. L. Foster of Ontario is secretary. At the opening session all addresses and reports of committees will be given. Subsequent sessions will be devoted to consideration of committee reports. No entertainment has been provided but the annual dinner will be held. G. W. Brown, insurance commissioner of Minnesota and president of the National Convention of Insurance Commissioners, will speak on "Coordination in Insurance Supervision." J. G. Parker, actuary of the Imperial Life of Toronto, will give a talk on "A Present Day Life Insurance Problem."

To Have Committee Reports

The committee will take up life insurance legislation including statutory conditions in life contracts, proposed amendments to the uniform life insurance act. In fire insurance legislation the superintendents will consider some amendments to the fire act. Automobile legislation will be discussed. There will be a discussion of credit and free insurance evil, including the automatic cancellation of fire insurance policies and quarterly return of agents' balances. The committee on valuation of securities, annual statement blanks and uniform definitions other than life will report.

President **Paul L. Hald** of the Insurance Executives Association is back at his office from a vacation spent on Long Island Sound and nearby waters.

Audits Investigations
**FERGUSON, SERLING,
DANIELS & PORTER**
ACCOUNTANTS AND ACTUARIES
102 Maiden Lane, New York, N. Y.
Organization Management

Home Office Accountant would like to correspond with a company considering a change in their accounting methods. Can design, install and operate complete system. Handle all accounting, taxes and collections. Address X-78, The National Underwriter.

Oklahoma Agents Include Many New Features in Code

MUCH TERRITORY IS COVERED

Those Favoring Comprehensive Insurance Agreement Cite Rate Provision of Electrical Code

Some of those insurance people who are advocating NRA codes for the business which would govern competitive situations, rates, etc., in addition to wages and hours of labor, are citing the code for the electrical manufacturing industry which has been approved by the President.

The clause in the electrical code, upon which emphasis is laid by insurance people of this conviction, reads: "No employer shall sell directly or indirectly by any means whatsoever any product of the industry covered by the provision of this article at a price lower or at discount greater or on more favorable terms of payment than those provided in his current net price lists and discount sheets."

This is the answer of those who favor a comprehensive insurance code to those who say that insurance should stick to wages and hours in their code, inasmuch as the federal authorities are not interested in the side issues.

Oklahoma Code Provisions

In addition to the provisions of the insurance code submitted by the North Carolina Association of Insurance Agents, a code which was adopted at a meeting of agents in Oklahoma City includes some new features.

Under the code proposed by the Oklahoma agents, any agent refusing to subscribe to the Oklahoma code would be deemed in violation of the code and would be required to forfeit his supplies. Agents subscribing to the code who represent a company represented by the offending agent, would be required to return their supplies to that company, unless that company withdrew its supplies from the offending agent. Agents would not be permitted to represent any company whose practices are inimical to the best interests of the American agency system.

Another provision is that no agent shall represent any company whose home office or state agents have not qualified for the blue eagle, nor shall any agent represent a company whose field men write insurance direct. A policy writing agent is defined as a person who has facilities for writing policies that include an office within the state in which is kept a permanent and complete record of all applications. Soliciting agents shall office with and be in the sole employ of a policy writing agent.

Plans Are Announced for Meeting of Mutual Agents

COLUMBUS, O., Aug. 30.—The Mutual Fire Insurance Club of Columbus, of which J. E. Anderson is president, will act as host for the second annual meeting of the National Association of Mutual Insurance Agents, which will be held here Sept. 20-22. Russell Davis is chairman of the committee on arrangements. It is expected that more than 200 will attend the convention. Speakers at the banquet will be Chief Justice C. V. Weygant of the Ohio supreme court and C. M. Purmort, president Central Manufacturers, Van Wert. A golf tournament will be held. A. R. Peters of Washington, D. C., is president of the association and E. I. Oakes of Washington is secretary.

The National Fire Protection Association reports that at Duluth a comprehensive fire prevention code covering explosives, pyrotechnics, film, pyroxylin plastic, acetylene, flammable liquids, dry cleaning plants, garages, matches, exits, has been adopted.

COMPANY NEWS

Two Companies Consolidated

National Implement Mutual and Citizens Fund Mutual of Red Wing Are Merged

The consolidation of the National Implement Mutual of Owatonna, Minn., with the Citizens Fund Mutual of Red Wing, Minn., is announced. The deal has been approved by the Minnesota department and after Sept. 1 all business will be transacted from the Red Wing office. The National Implement Mutual was organized in 1917 and the Citizens Fund Mutual in 1914. During the last three years they have been operating as the "National Citizens Mutuals" but maintaining separate offices. All the business, assets and personnel of the National Implement Mutual will be moved to Red Wing, there being 29 people involved. R. H. Boxrud will be president of the consolidated company and H. L. Hjermstad general manager.

During the first six months the premium income of the combined companies was \$492,000, with premiums in force amounting to \$1,178,952. The combined assets are \$976,712. It is expected through this consolidation a material decrease in operating expenses will be effected.

Will Enter the Fire Field

British & Foreign Marine, Under the Royal Management Will Extend Its Operations

The British & Foreign Marine of Liverpool, which has been writing marine insurance in this country entirely, is now entering the fire insurance field. It is one of the Royal fleet. Its assets are \$2,651,921, premium reserve \$262,072, deposit \$200,000, net surplus \$1,676,639. Last year it had an underwriting profit of \$220,774. It has confined its operations entirely to ocean and inland marine lines. It also writes automobile insurance. It is controlled entirely by the Royal and will be handled through the various Royal offices. It operates in California, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, Oregon, Pennsylvania, Texas, Washington and Wisconsin.

Inter-Ocean Reinsurance

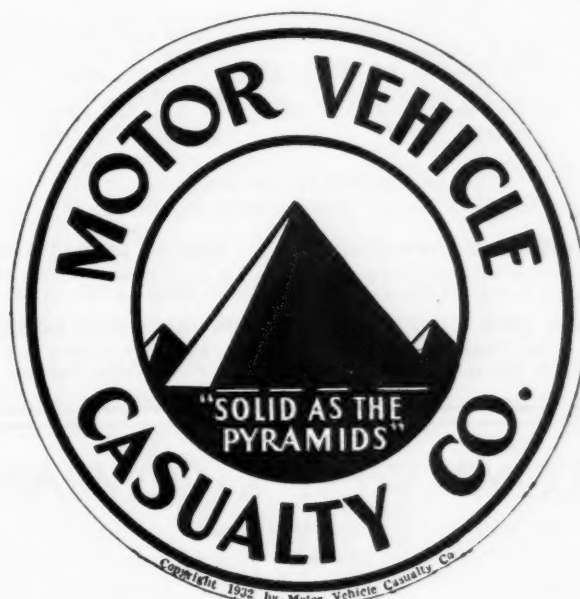
The semi-annual statement of the Inter-Ocean Reinsurance of Cedar Rapids, Ia., shows assets \$4,054,312, of which \$422,163 are federal bonds, \$1,353,486 state, county and municipal bonds, \$601,582 public utility and other bonds, \$276,651 stocks, \$614,100 first mortgage loans, \$406,719 premiums in course of collection, \$1,748.31 cash. Its premium reserve is \$1,948,620, loss reserve \$314,780, voluntary reserve \$150,000, capital \$500,000, net surplus \$1,010,690. The company writes reinsurance of fire and allied lines and is one of the progressive institutions of its kind.

To Sell More G. & R. Assets

NEW YORK, Aug. 30.—Permission to sell an additional \$2,000,000 of securities of the Globe & Rutgers has been granted Rehabilitator Van Schaick by the court. Though denying the application of Van Schaick to sell \$10,000,000 of the company's securities some weeks ago, Judge Frankenthaler declared his willingness to consider a request for sales in varying amounts from time to time as market conditions justified, and it was in accord with such ruling that the late application was made and allowed.

Intelligent, useful service to agents, brokers, policyholders and claimants.

Inquiries from responsible agents and brokers welcomed.



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A STOCK AUTOMOBILE COMPANY

Under same management for the past 18 years. Organized in 1914 as Motor Vehicle Underwriters. Organized as Motor Vehicle Casualty Company in 1930.



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AND SQUARE DEALING SINCE 1710

SUN INSURANCE OFFICE, LTD.

OF LONDON

Oldest in the World Founded 1710

Sun Underwriters Insurance Company of New York
Patriotic Insurance Company of America
Sun Indemnity Company of New York

FIRE
LIGHTNING
WINDSTORM
AUTOMOBILE
EXPLOSION
RIOT & CIVIL COMMOION
USE & OCCUPANCY
RENTS & RENTAL VALUE
LEASEHOLD
INLAND MARINE
OCEAN MARINE

TOURIST FLOATER
SALESMEN'S FLOATER
YACHT AND MOTOR BOAT
ALL RISK PERSONAL
JEWELRY
ALL RISK PERSONAL FURS
ALL RISK TOURIST FLOATERS
JEWELERS BLOCK POLICIES
PUBLIC LIABILITY
MERCHANDISE IN TRANSIT
via Truck, Rail or Steamer
(Annual or Trip Policies)

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John F. Stafford, Manager

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F. I. P. Callos, President

★ FLOYD WEST & COMPANY

General Agents
DALLAS, TEXAS

FIRE - - LIABILITY - - MARINE

FARM, HAIL and GIN FACILITIES

Local agents' needs have our personal attention ★

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Snapshots Taken at Meeting of the Blue Goose in Toronto

At the close of the Blue Goose convention at Toronto, T. R. Weddell, Chicago, "Insurance Field," a delegate from the Illinois pond, announced the result of this year's oratorical contest. His count showed that P. J. V. McKian of Chicago, who had reached the high water mark of all time in 1932 by 44 formal appearances on the floor, had fallen behind this year to the low score of 26, and had in fact been closely challenged by W. F. C. Fellers, Jacksonville, Fla., with a score of 21, and W. T. Benallack, Detroit, with a score of 18. Mr. Weddell explained that Mr. McKian was handicapped this year because he was not appearing on his own home grounds.

L. T. Hargreaves, chairman of the Ontario pond convention general committee, and all of his other committee chairmen, and members, received the highest praise from delegates for the careful preparations which had been made for entertainment. The plans went through without a hitch.

The high mark of good fellowship was touched at the banquet when W. T. Benallack paid his tribute of friendship to the first most loyal gander of the Ontario pond, Lyman Root. At the conclusion of his remarks, just before presenting Mr. Root with a handsome gift from his friends and admirers, Mr. Benallack recited one of his original French patois poems.

Gander Benallack is not the only poet in the Blue Goose. A rival for his position of poet laureate appears from Seattle in Gander W. H. Maloy, delegate from the Washington pond in this year's grand nest meeting. Mr. Maloy composed a stirring poem on the spirit of Blue Gooseedom.

Members of the Ontario pond ballet have been watching the mails carefully since last Thursday evening, looking for envelopes marked with the names of famous Broadway musical comedy producers. This ballet, which entertained the crowd at the banquet, included the following members of the Ontario pond: Harry Baillie, Norman Cummings, Cecil Wapshott, Walter Harrison, Frank Hanger, Jim Preston, Fred Martin, Fred Midgley and Clifford Malcolm. The particular star was slight, graceful, light-footed Bill Case.

It is not often that a local constituent organization of a national body can get two important changes in the constitution as carefully considered as had been that of the Blue Goose, but the Kansas pond did it.

Carolina Blue Geese believe in the Smith family. The delegation was 100 percent Smith.

Gossip around the corridors has it that Ralph Hukill of the Ohio pond is to start up the ladder in the grand nest next year. Beyond that names mentioned become numerous. Kansas is al-

ready promoting the candidacy of M. K. Nelson, Topeka. Kansas ganders say that that state has never been represented on the grand nest official list and that the state has had on its own roster of membership as high as 100 percent of those eligible. Then there was mention too of Gander McKeel from the south.

A special effort will be made during the coming year to organize a pond in Hartford. Members who know of ganders residing in Hartford are asked to send their names and addresses to the grand nest office.

When S. L. Gardner grew eloquent about the banks of the Missouri in presenting Omaha, Delegate Benallack, not to be outdone, mentioned that they had banks in Detroit too and couldn't forget it.

Handsome gifts were presented by the Ontario pond to visiting delegates and their wives. The Washington pond also gave to each delegate very attractive letter openers and desk scissors.

Phelps Silver Jubilee Celebrated This Week

BURLINGTON, IA., Aug. 30.—Fifty years of meritorious work in the insurance field by E. S. (Ned) Phelps of this city, dean of Iowa agents, will be celebrated tomorrow evening at a banquet given in his honor. Attending will be executives and field men of the companies represented in his agency and many guests.

C. R. Street, vice-president and manager of the Great American at Chicago, will be toastmaster. Among the honor guests are W. N. Churchill, R. E. Schramm and A. L. Biken, all of Burlington. Impromptu addresses will be given by guests, including G. H. Bell, manager of the National of Hartford; C. R. Tuttle, general manager North America, and C. W. Wadsworth, state agent Springfield Fire & Marine.

W. H. Harrison, state agent National Fire, headed the arrangements committee. Invitations were limited to these companies represented by Mr. Phelps: National Fire, Great American, Hartford Fire, North America, Aetna, Phoenix of Hartford, New York Underwriters, Springfield, Home, Travelers Indemnity, American Surety and Indemnity of North America.

The National Fire of Hartford and the Great American have been continuously represented by the Phelps office.

The office occupied by the Phelps agency is located within a block of the place where Mr. Phelps was born. Serving with Chairman Harrison of the committee are G. A. Holbrook, North America; J. C. Stuart, Aetna, and W. A. Harvey, Great American.

Fire Company June 30 Figures

(As Reported to the Georgia Insurance Department)

Company	Capital	Assets	Surplus	Six Mos. Income	Six Mos. Disburse.
Amer. Automobile.....	\$ 1,000,000	\$10,006,936	\$ 1,023,393	\$ 4,951,138	\$ 3,278,465
Amer. Central	1,000,000	6,927,672	2,201,642	1,278,852	1,337,721
Amer. & Foreign	1,500,000	5,281,986	2,265,927	745,562	824,280
Buffalo	1,000,000	6,267,660	1,882,807	1,033,329	902,229
Commonwealth	1,000,000	6,236,706	2,633,410	1,108,485	1,272,883
Federal Union	1,000,000	8,780,224	975,902	373,238	302,675
Fire Association	2,000,000	16,897,326	4,538,623	3,774,428	5,676,272
Great American	8,150,000	47,166,993	13,653,476	7,239,260	8,109,420
Merchants Fire, N. Y. ..	1,750,000	12,341,455	4,471,936	2,024,710	1,976,693
North British & Merc. ..	1,000,000	15,118,995	6,002,086	4,274,280	3,772,483
Northern, N. Y.	1,000,000	9,212,766	2,807,216	1,972,267	1,881,152
Pennsylvania	1,000,000	13,588,362	5,462,019	2,564,487	3,316,716
Phoenix, Conn.	6,000,000	34,980,913	18,314,671	4,421,223	4,670,976
Reliance, Pa.	1,000,000	1,602,982	303,889	101,913	343,390
Star	1,000,000	4,729,866	1,512,288	933,164	826,552
Thames & Mersey	1,249,816	1,249,816	703,820	244,630	250,058
Travelers Fire	2,000,000	16,575,630	1,355,104	4,980,998	4,362,141
Victory	1,000,000	1,487,843	263,126	102,474	289,573

MUTUALS

Company	Capital	Assets	Surplus	Six Mos. Income	Six Mos. Disburse.
Atlanta Mutual	678,541	678,541	247,330	302,080	300,276
Central Manuf.	4,273,186	4,273,186	1,783,750	1,551,949	1,591,767
Retail Hardware, Minn.	5,094,699	5,094,699	1,670,247	1,966,215	1,856,640
State Farm Mut., Ill.	7,382,804	7,382,804	1,299,395	3,214,108	2,814,466
United Mutual, Mass.	3,322,976	3,322,976	1,408,796	1,230,714	1,103,451

VIEWED FROM NEW YORK

By GEORGE A. WATSON

BENNETT BACK AT HIS DESK

W. H. Bennett, secretary National Association of Insurance Agents, arrived at his desk in New York this week after a long journey to the far west. He addressed state association meetings in Wyoming, Montana, Idaho and Washington. He talked to the Oregon Insurance Union and Portland Insurance Exchange at Portland. He went to San Francisco and gave an address to the agents of Oakland. Then he journeyed to Los Angeles and spoke before the Los Angeles Insurance Exchange, celebrating the entrance of its entire membership in the state association. He was accompanied to Los Angeles by President William Menn of the California body, former National President Percy Goodwin and others. Then he journeyed to Salt Lake City and spoke there Monday of last week. His next stop was at Colorado Springs, giving a talk before the local agents there. Last Thursday he appeared before the Denver Insurance Exchange. He arrived in Chicago Friday and spent a couple of days with Allan I. Wolff, chairman of the executive committee, talking over the NRA agency code. He conferred with the local Chicago committee on plans for the national convention the week of Oct. 9. On Monday Mr. Bennett was in Grand Rapids attending the meeting of the American Bar Association and spoke before the new insurance section on "Insurance Premiums as Trust Funds."

NATIONAL BOARD "AD" PLANS

Through page displays in the early September issues of several of the widely circulated literary magazines the National Board will inaugurate its

1933-34 advertising campaign to enlighten American commerce, industry and transportation interests as to the advisability of securing indemnity through stock fire companies, while the farm field will be reached through the medium of six well known farm journals. Responses from the general advertising last year were so successful as to induce continuation of the plan for another 12 months.

DISTURBED OVER LAW LETTER

Some uneasiness was created in home office and in brokerage circles in New York City through the publication in a late issue of the New York "Journal of Commerce" of a communication from Harrison Law, a well known compiler of insurance statistics, in which he declared in effect that companies could not write business at their home offices, or pay commission thereon to brokers. It was stated further that under the construction of the laws of the various states it would appear "that only in four states can the Interstate Underwriters Board operate, as no blanket policy can be issued except through resident agents of the state."

In point of fact the plan of the I. U. B. was carefully reviewed by the National Convention of Insurance Commissioners at its annual gathering in September, 1928, and approved without objection. The organization is now operating by authority in every state except Texas, which should prove a sufficient answer to the conclusion reached by Mr. Law.

Through decision of the United States Supreme Court some years ago, the dictum was laid down that an insurance broker was free to write business in a state in which he was not licensed, pro-

viding he did not solicit the business within the commonwealth in person. The decision was on appeal from the New Mexico law which held that business in the state might only be written through duly licensed resident agents, and that no commission could be paid to any other. A ruling of the same nature was previously made by the attorney general of Massachusetts in a case submitted him for review by the insurance commissioner.

Under the plan of the I. U. B. all business written under its forms is duly reported to each state concerned, and the proper tax paid. In like manner every member accepting such business from brokers is careful to have policies countersigned by agents in states in which the risks are located, and a commission is paid such representatives.

CAPITAL TAX RETURNS

Insurance companies have to Sept. 29 within which to file capital tax returns for the taxable period ending June 30, 1933. J. H. Doyle, general counsel of the National Board, advises its members.

Fowler & Kavanagh have been given the metropolitan district agency in New York City of the Eagle Fire, an ally of the Norwich Union, which means the office will have the benefit of the extensive carrying capacity of the Norwich Union group. The Fowler & Kavanagh agency is one of the oldest and most firmly established offices of its kind in New York City.

Palmer on Executive Committee

Ernest Palmer, Illinois insurance director, has been elected to membership on the executive committee of the National Convention of Insurance Commissioners. Commissioner Brown of Massachusetts, who was a member of the committee, was elected chairman and hence this left a vacancy on the committee.

The Gambrell-Stubbs Agency, Kansas City, Mo., has purchased the Gregg Agency.

CHICAGO NEWS

FOLLOWS WIFE IN DEATH

George A. Hutchinson, veteran Chicago insurance man who conducted a brokerage office under his name, died of cerebral hemorrhage. He had been growing feeble since the death of his wife six months ago. Old insurance friends attended the funeral services. Mr. Hutchinson would have been 74 in October. He originally was a freight conductor for the Chicago & Northwestern railroad, then adjuster for the Fidelity & Casualty and London Guarantee in the northwest. He went to Chicago, taking a general agency for the American Fidelity of Vermont and then formed partnership with H. W. Cooley as Hutchinson & Cooley, representing the same company. After various changes Mr. Hutchinson became general agent of the American Indemnity of Galveston, then took on the Iowa Mutual Liability. A son, Herbert A., survives. Mr. Hutchinson was plain spoken and had a reputation for square dealing.

LICENSE ORDINANCE VOID

The Chicago city ordinance imposing a \$25 license fee on brokers was declared invalid by the superior court there in an order overruling a demurrer by the corporation counsel to the suit of a number of brokers, all members of the Insurance Brokers Association of Illinois, in which recently a temporary injunction was granted. The city took exception to the ruling and asked leave to appeal to the Illinois supreme court. The court declared sections 2329-33 of the ordinance of 1931 inoperative because of subsequent passage of the brokers qualification law by the state legislature. It was stated that the latter act provided for examining and licensing brokers throughout the state, thus

INTER-OCEAN REINSURANCE COMPANY

Inter-Ocean Building, Cedar Rapids, Iowa

Condition June 30, 1933

ASSETS

U. S. Government bonds.....	\$ 422,162.50
State, County, Municipal bonds.....	1,353,486.06
Public Utility and other bonds.....	601,582.10
Stocks.....	275,651.46
First mortgage loans.....	614,100.25
Home office building.....	89,401.84
Collateral loan.....	7,000.00
Accrued interest.....	109,378.35
Premiums in course of collection.....	406,718.64
Cash in banks.....	174,831.00

Admitted assets.....\$4,054,312.20

LIABILITIES

Unearned premiums.....	\$1,948,620.10
Reserve for losses.....	314,780.27
Reserve for taxes.....	53,745.08
Funds held for treaties.....	46,370.94
All other liabilities.....	30,105.88
Voluntary reserve.....	150,000.00

\$2,543,622.27

Capital.....	\$ 500,000.00
Surplus.....	1,010,689.93
Treatyholders' surplus.....	\$1,510,689.93

\$4,054,312.20



REINSURANCE OF FIRE AND ALLIED LINES

INCORPORATED 1799

PROVIDENCE WASHINGTON INSURANCE CO.

of Providence, R. I.

Capital \$3,000,000

INCORPORATED 1926

ANCHOR INSURANCE CO.

Providence, R. I.

Organized and Owned by the Providence Washington Insurance Co.

Capital \$1,000,000

*Each of these Companies writes the following classes of Insurance*FIRE—TORNADO—OCEAN and INLAND MARINE
AND THEIR ALLIED LINES
AUTOMOBILE—FIRE, THEFT and COLLISIONCOMBINED POLICIES
AUTOMOBILE—FULL COVERAGE
GOLFERS' EQUIPMENT and LIABILITY
WITH**MARYLAND CASUALTY COMPANY**

INCORPORATED 1832

VIRGINIA FIRE AND MARINE INSURANCE CO.

Richmond, Va.

Capital \$500,000

FIRE TORNADO
SPRINKLER LEAKAGE AUTOMOBILE INSURANCE

WESTERN DEPARTMENT: 175 W. Jackson Blvd., CHICAGO, J. R. Cashel, Manager

1805

- 1933

Caledonian Insurance Company*The Oldest Scottish Insurance Office***Caledonian-American Insurance Company of New York**ROBERT R. CLARK,
U. S. Manager and President**THE NETHERLANDS INSURANCE COMPANY OF THE HAGUE, HOLLAND**

Est. 1845

ROBERT R. CLARK, U. S. Manager
EXECUTIVE OFFICES: HARTFORD, CONN.

superseding the Chicago ordinance, and that in addition a section in the law repealed all other laws or ordinances in conflict therewith. The superior court's rule does not have general application nor give protection to all brokers in Chicago, as it applies only to 130 who signed the petition. Originally 20 brokers started the action and others were added on an amended petition. All are members of the association and were represented by Nordstrand & Riley, counsel for that organization.

* * *

W. J. ROETTER HAS RESIGNED

W. J. Roetter of Chicago, special agent of the London & Lancashire fleet in Cook county, has resigned. He is one of the veterans in the L. & L. organization. He has been with it some 25 years and has filled various positions in the office. At one time he was head of the automobile department. He has served as an examiner and some years ago was assistant agency superintendent. No successor has yet been appointed.

* * *

TO REORGANIZE BOWLING LEAGUE

A meeting to reorganize the Insurance Bowling League of Chicago is to be held in the auditorium of the Chicago Board at 5:15 p. m., Aug. 31. It is planned to reorganize on a handicap basis and reduce the entry fee per team from \$50 to \$25. New officers will be elected. H. A. Tarnow of Childs & Wood, one of the active members of the old league, which has been inoperative for a year, is acting secretary.

* * *

LOCK CREDIT RECOMMENDED

The western advisory committee of the National Automobile Underwriters Association has recommended that credits be allowed on the theft premium in Chicago's zone 1 for the installation of approved locks. At present only one lock has the official approval, but other lock manufacturers will be given an opportunity to have their products tested.

During the last two or three years when the automobile theft situation in Chicago has been so acute and there has been so much discussion about it, a variety of special locks has been brought on the market. The question of granting a discount for installation of these locks has been considered from time to time. Lately most of the companies have been declining to write certain makes of cars at all unless they were equipped with locks and a lock endorsement was attached to the policy. For instance, this requirement has been made of all owners of Chrysler cars.

In addition, some of the companies are reported to have been granting a discount for installation of special locks, although the practice has not been officially sanctioned.

The discount to be allowed will probably approximate about 50 percent of the wholesale price of the lock. This will probably amount to from \$2 to \$5.

* * *

O'Brien Undergoes Operation

Harold M. O'Brien, one of the managers of the Republic of Dallas at Chicago, is in the Billings hospital in his city, having undergone an abdominal operation Tuesday of this week. Mr. O'Brien was operated on about a year ago and complications developed recently.

North Dakota Requires List

Commissioner Olsness of North Dakota has notified fire companies operating in that state that as of Oct. 1 they will be required to furnish a list of agents delinquent in payment of balances more than 90 days due.

Expect Finance Discussion

Extensive discussion of premium financing questions is likely to develop at the annual meeting of the National Association of Finance Companies in Chicago Sept. 21-23.

Expect Good Results from Quarterly Balance Reports**REQUIRED IN SIX STATES**

Company Officials Hopeful Agents and Brokers Will Take Commissioners' "Hint"

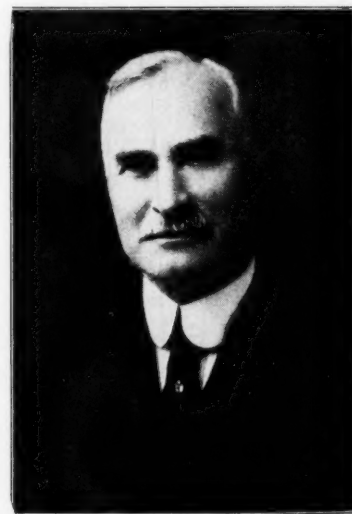
NEW YORK, Aug. 30.—Sufficient time has not yet elapsed to enable company officials to estimate the effect of the announced purpose of American insurance commissioners to require all companies operating within their states quarterly reports of all agents and brokers delinquent in payment of balances.

Some half dozen states, including New York, already have notified companies to that effect, and it is assumed the great majority, if not all of the remaining states, will take similar action within a short time.

Seen as Effective Plan

Company officials concede that the listing of such data with the departments is likely to prove far more effective in compelling agents and brokers to settle their balances, than any action that might be taken by companies acting individually, for the average local agent has a wholesome respect for the powers of his home department and has no desire to have his name listed as a delinquent in his accounts.

At the same time fire managers point out the admirable results that followed the adoption by the Southeastern Underwriters Association of its present collection rule. Remittances from the states under the jurisdiction of that body have come in more satisfactorily in recent months than for a long time.

Grandfather De Luxe Is Breaking All Records**THOMAS E. GALLAGHER**

Thomas E. Gallagher of the Union League Club, Chicago, former western manager of the Aetna, is now sojourning in New Rochelle, N. Y., where he is visiting his son, Vincent Gallagher, secretary of the America Fore at the home office. Gallagher, Sr., president Cook County Association of Amalgamated & Conglomerated Grandfathers, desires to bring the records up to date. Last Saturday a 7-pound boy was born to Mr. and Mrs. Robert Gerwin of Cincinnati. The mother is Katharine Mary Earls Gerwin. The grandfather and grandmother are Mr. and Mrs. W. A. Earls, Mr. Earls being a prominent Cincinnati local agent. Mr. Gallagher, therefore, on getting out his adding machine finds that he has seven great grandchildren and 17 grandchildren. He now expects to be canonized in the near future.

Shallcross Comments As to Sixty-Day Loss Payment Rule

C. F. Shallcross, United States manager of the North British & Mercantile, in a letter sent to President Barnett of the Southeastern Underwriters Association, gives his view on the 60-day loss payment rule, declaring that it has not had as much effect in cutting down the loss ratio as many executives give it credit for. Mr. Shallcross says he has not been in sympathy with withholding payment of losses until maturity unless they were open to question. Mr. Shallcross in his letter said:

"To illustrate the point I have had prepared a graph showing commodity prices as per United States Department of Labor index of annual monthly average of quotations for 550 commodities for the years 1913 to 1925, inclusive, and for 784 commodities for the years 1926 to 1932, inclusive; and showing the ratio of net losses incurred to net premiums written as reported by its members to the National Board for the years 1913 to 1932, inclusive, it being noted that for the years 1913 to 1917, inclusive, the National Board figures include marine and inland marine premiums and losses as well as fire and lightning premiums and losses, but for the years 1918 to 1932, inclusive, only fire and lightning premiums and losses are included.

Fluctuation of Commodity Prices

"In 1913 the average commodity price was 69.08 and the fire loss ratio was 53.36. The next year commodity prices fell off slightly to 68.1 and the loss ratio jumped to 60.16. In 1915 there was a mild fluctuation in the commodity prices, which climbed to an average of 69.5 for the year and the loss ratio promptly fell to 52.76. Then commodities began their big climb which lasted for the next five years and reached the peak of 154.4 in 1920. The fire loss ratio curved downward rather than dropped until it reached its low point of 39.97 in 1919. In 1920, when commodity prices reached their peak, the loss ratio had risen somewhat to 46.08. There was a big drop in commodity prices in 1921 and the average for the year was 97.6. The fire loss ratio continued its climb and reached 58.90 that year.

Effect on Fire Losses

From 1913 up to this point, and continuing on until 1926, the graph shows, whenever commodity prices went up, the fire loss ratio went down. But in 1926 commodity price and the loss ratio fell off, the former dropping from 103.5 the previous year to 100 and the loss ratio dropping from 54.96 in 1925 to 51.97 in 1926. In 1927, commodity prices fell to 95.4 but the loss ratio went on down to 46.22. Both ran along evenly until 1929

when commodity prices began a drop that ended (on the graph) at 64.9 in 1932. The fire loss ratio increased simultaneously and at the end of 1932 had risen to 60.59.

Loss Ratio and Commodity Prices

"If you will study this graph you will observe that with an astonishing degree of fidelity the loss ratio has gone up as commodity prices decreased, and has gone down as commodity prices rose. The year 1926 shows less support of what seems to be the rule, but you will notice that in the years 1925 and 1926 the premiums showed a marked increase over the year 1924, and to this fact must, I think, be largely if not wholly attributable the relative discrepancy in question.

Loss Ratio on British Isles

"It is an interesting fact that during the early months of the year 1933, when loss ratios were beginning to diminish in the United States, they fell off in Great Britain and Ireland 25 per cent compared with the corresponding period of 1932. In April there was one very heavy loss on a rum warehouse in England, which single loss affected the aggregate result; but it is my information that in those countries the loss ratio in May was the lowest it has been in that month in many years. I am also told that for the first five months of 1933 the loss ratio in Canada decreased about 30 per cent as compared with the first five months of 1932.

Mutuals Have Not Followed the Rule

"It is noteworthy that neither in Great Britain nor in Ireland nor in Canada have the companies departed from the old custom of paying promptly losses that were not open to question. It is, however, a fact that in those countries the rise in commodity prices and the expectation that they were going higher have been emphatic.

"For any opinion you may express on any subject I would naturally have much respect, although it is true that my different opinion on this subject is supported by facts which seem to have gone far beyond the realm of coincidence. It may be another matter of opinion to what extent any benefit (even though it may not be demonstrable in loss savings) which the stock fire companies may derive from withholding all losses until maturity is being and will be offset by the injury such companies may be doing themselves in the eyes of honest insured and in competition with non-stock insurers which have not resorted to the practice in question."

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Martin Replies to Charge of Tennessee Association

NEW YORK, Aug. 30.—R. R. Martin, United States manager of the Atlas of London, and president of its subsidiary, the Albany, who returned from a visit to the head office of the British corporation some days ago, was surprised at receipt of a resolution adopted by the Tennessee Association of Insurance Agents severely condemning the Albany, together with two other fire companies allegedly appointing a Nashville trust company its agent in that city.

In point of fact, the appointment, made months ago, was to the Southern Insurance Agency, the trust company not being named in the contract. When the issue was raised last April, the general agent making the appointment conferred with an official of the National Association of Insurance Agents, and Manager Martin was under the distinct impression that a satisfactory explanation had been made. Hence his surprise at the action taken by the Tennessee agents.

He will investigate the matter at once. The Atlas has ever been careful in its observance of ethical practices and in times past has canceled a number of desirable bank connections at considerable loss.

General of Seattle Group Plans Important Campaign

About Sept. 15 O. M. Thurber, manager of the public relations department of the General of Seattle companies, will make his headquarters in Boise, Idaho, for two or three months. He will have with him four or five members of the department, officiating as fire prevention and traffic safety engineers. Among them will be H. E. Connors, chief fire prevention engineer of the Seattle group. Mr. Thurber and his assistants will conduct an extensive fire prevention, traffic safety and sales program for all of the group agents in the southern Idaho territory. Several days will be spent in each city and service contact will be made with the insuring public of all classes, luncheon clubs, women's clubs, fraternal organizations, schools and colleges. The newspapers and radio will be used in the campaign in an educational way to promote fire prevention and traffic safety among the public of all ages. Several junior fire departments will be organized among grade and parochial school boys between 12 and 16.

Frank Jordan Is President

VANCOUVER, Aug. 30.—Frank Jordan of the British Columbia Land & Investment Agencies, was elected president of the Victoria Fire Insurance Agents Association at the annual meeting held at Victoria with John Hart, of Gillespie Hart & Co., as vice-president; F. F. Fatt, secretary. The executive committee consists of James Forman, Col. F. B. J. Stephenson, Sam Clegg, G. G. Fraser and H. W. Sparks. F. Jordan and T. O. Mackay were appointed members of the contact committee.

Retiring President Mackay reviewed the year's activities. Owing to termination of agencies and consolidations membership showed a drop of 25 percent during the past three years.

The contest for the R. S. Day & Son challenge cup was held. It ended in a tie between John Hart and T. S. McPherson, who won with the toss of a coin.

Rorabaugh Assists Wagner

J. V. Rorabaugh has been appointed to assist Special Agent W. H. Wagner, supervising the business of the Scottish Union & National group in the excepted territory of Pennsylvania and that of the American Union in the entire state.



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Mallalieu Takes Amended NRA Code to Washington

CASUALTY PEOPLE NOT READY

Insurance Brokers Association of New York Files Agreement—Endorsed by Brokers in Other Cities

NEW YORK, Aug. 30.—W. E. Mallalieu, manager of the National Board, left for Washington last night to submit to the national recovery act administrators the revised code for the government of fire companies. The present draft contains amendments to provisions to which the government officials objected in the original agreement, as not being sufficiently explicit. The objection was mainly to lack of definiteness as to what was meant by "services" of field men, engineers, adjusters whose hours of work must necessarily be flexible.

Casualty company managers failed to complete their code yesterday, and are having a final meeting today, the assumption being that the code will be ready for submission not later than tomorrow.

A complete code for the government of insurance brokers was drafted by a committee of the Insurance Brokers Association of this city on Monday, and has been endorsed by the brokers organizations of Boston, Chicago and San Francisco. The committee of New York men responsible for its preparation was composed of William Schiff, G. P. Nichols and W. D. Maus of Marsh & McLennan.

Agents Using 90-Day Black List to Force Collections

The action of a number of insurance departments in calling upon companies for lists of brokers and agents in arrears in balances more than 90 days, is not meeting with resentment on the part of individual producers generally, although there have been rumblings of dissatisfaction from organized agents. Instead, these regulations are being welcomed in the field, since they give the producer a strong argument in collecting from assureds and also give the agent an argument in collecting from brokers.

Agents who have been reluctant to force the collection issue with assureds, fearing the loss of business by so doing, are now able to request payment on the ground that they will be on the black list at the state house unless they get their money. Many agents are employing this advantage to the utmost on slow pay customers, even though the agent's accounts with his companies may be in good shape.

San Antonio Exchange Hit by Four Outside Agencies

UNFAIR METHODS CHARGED

Petition Alleges That the Organization Is Conspiring to Throttle Competition in the City

Alleging that they are victims of a boycott on the part of the San Antonio Insurance Exchange, four local agencies have filed suit, asking for an injunction to restrain the exchange from continuing its alleged unfair methods. The plaintiffs are N. H. White, W. A. Bedell, Jesse Womack Insurance Agency and Allen Hitzfeld & Co.

The petition alleges that the exchange "is conspiring and confederating to throttle competition in San Antonio and apparently to force the complaining local agents to join their said organization, but in fact to drive these plaintiffs out of business."

The petition cites a resolution alleged to have been adopted at a meeting of the state organization at Corpus Christi, to the effect "that an exchange in any town could certify to the state secretary that a general agency or group of companies were out of line or guilty of non-cooperation."

On Aug. 1, the San Antonio Insurance Exchange passed a resolution the petition asserts, "the purpose being to confine all of the insurance business to members of the San Antonio Insurance Exchange." Statement is made that although Allen Hitzfeld & Co. recently applied for membership in the exchange, it was denied them.

A restraining order to prohibit the exchange from sending any letters to members of the Texas Association of Insurance Agents is asked. Judge Anderson set the case for hearing Oct. 2.

Ankenbauer Objects to Policy Fee Suggestion

John F. Ankenbauer, well known Cincinnati local agent, states that he cannot agree with the plan of E. F. Stenger, local agent at Davenport, for charging a policy fee to overcome the overhead on account of additional burdens on agents through the NRA act. Mr. Ankenbauer says:

"When Mr. Stenger goes into a store to buy a tie he is not charged a fee for the cost of wrapping it up, etc. Mr. Stenger refers to the fact that it costs just as much to write a policy for \$5 or \$100, but when he goes to the store to buy a \$1 tie it costs just as much to deliver that to him as if he bought \$100 worth of merchandise. There would be some justification for making a charge for endorsements or transfers."

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Agents Deserve Commendation

REGARDLESS of all that can be said regarding collection of agency balances, local agents of the country have given a very good account of themselves during the depression. They have had obstacles of a monumental and perplexing nature never before encountered. There have been, are and always will be those that delay, whose business is conducted on lax methods, who are indifferent and who are always skating on thin ice.

However, a survey of company records shows that only 15 percent of the agents are what might be called in the delinquent class. The great majority of local offices have endeavored to meet their obligations in a reasonable time. While criticism has been made of local agents for being delinquent, the fact of the matter is that these careless methods have been fostered by the companies themselves. Credit has been extended in order to create favor. Liberality has been used to attract business. Companies that are called good collectors do not allow a chronic delinquent to continue.

Where an agent is on the square, has always tried to do the right thing and

to meet his obligations, he is worthy of consideration and he receives it. Even under the most adverse conditions, the big majority of agents have been able to pay their balances and to readjust their machinery to new conditions. The bank troubles have added greatly to the financial difficulties of collecting premiums. Companies that endeavor to carry on their affairs in a thoroughly business-like way do not brook unseemly delay in payment of balances. They require payments to be made on time if it is possible for this to be done. If an agent is temporarily embarrassed he is given some leeway.

There should be a sharp line of demarcation between agents who want to pay on time and those who do not care whether they pay on time. Those who desire to meet their obligations promptly sometimes are confronted with embarrassment because of failure of assureds to pay. A great majority of agents realize that companies must have their money and they are endeavoring to supply the sinews of war and keep their records clean. The financial integrity of agents, as a whole, is high.

Which Is the Best Policy?

The director of a fire company writes THE NATIONAL UNDERWRITER regarding the reduction of capital and adding the difference to surplus. The point he raises is whether a company with a larger capital and a comparatively moderate surplus is not more desirable than a smaller capital and a greater surplus. He makes the point that surplus is available for legal distribution at any time the directors may vote. Capital must be left intact until the machinery is set in motion to reduce it, which requires a vote of stockholders. He desires to know whether his position is right or not.

From a fundamental standpoint, capital and surplus are indistinguishable. Capital plus surplus is called policyholders' surplus and all the money is available for policyholders. Capital and surplus belong to stockholders and from it the book value of the stock is calculated.

If a company possesses a trick board of directors, who might be inclined to take everything in sight, they could more easily grab up the surplus, and if a board was inclined to do dishonest or hazardous things the directors probably would carry away everything that was not nailed down. It is true that the surplus is easier to disturb. In some states the law requires the minimum capital to be deposited with the state. That much of the capital at least is held by the state and is considered free from manipulation.

With an honest management, a larger surplus is perhaps the most desirable, as thus more free funds are available in case of emergency. Some states will not allow a company to continue if its capital is impaired 20 percent. In other states a company is judged insolvent if its capital is 25 percent impaired.

PERSONAL SIDE OF BUSINESS

Neal Bassett, president of the Firemen's of Newark group, will celebrate his 62d birthday Sept. 3. His entire life has been spent in the insurance business. He opened the western department of the Firemen's Jan. 1, 1910.

Frank O. Harrison, secretary, and F. B. Lytle, claims adjuster of the Trinity Universal of Dallas, who have been touring the Pacific Coast field, left Los Angeles last week on their return trip to the home office.

John E. Wilkinson, Oklahoma state agent for Trezevant & Cochran, who underwent a major operation recently, was taken home Saturday, and is reported as recovering rapidly. He is expected to be able to return to his office by the middle of September.

Completing a Pacific Coast tour, James A. Dowler, secretary of the Canadian Fire and Canadian Indemnity, accompanied by W. M. Scott, superintendent in charge of that territory, is spending several days in southern California.

Roy O. Elmore, special agent in southern California for the Fireman's Fund, is being congratulated on the birth of his second daughter, Carol Jane Elmore.

Eugene Battles, formerly president of the California Association of Insurance Agents, has been appointed "colonel" of the insurance division of the NRA drive in Los Angeles and will conduct a survey to ascertain what insurance offices have signed up with the NRA and those that have not.

E. A. McFarlin, general manager of the industrial department of the Home of New York in Philadelphia, died last week from a heart attack. He became connected with the company in March, 1891, and later was made inspector.

H. Ray Monson, Jr., 15-year-old son of H. Ray Monson, Mattoon, Ill., local agent, was struck by an automobile while riding his bicycle and killed instantly.

James E. McEvoy, Indiana state agent of the Sun, is assuming an attitude of dignity and importance these days owing to the fact that he is now the father of a baby boy, Edward James McEvoy, who was born last week.

Mrs. A. C. Gilbert of Detroit, Mich., wife of the late state agent of the London & Lancashire, who had her husband's remains cremated following his funeral in her city, took the ashes to the family burying ground at Lake Geneva, Wis., Sunday and had them properly interred.

O. J. Roland, What Cheer, Ia., local agent, was killed in an explosion when, serving as a volunteer fireman, he entered a burning business house in What Cheer.

L. H. Bridges, the new most loyal grand gander of the Blue Goose, who is northern Illinois special agent of the National Liberty operating out of Chicago, before he entered fire insurance was a school teacher at Greenfield, Ind. He also tried out the automobile business for a time. He started in insurance in his home town with the Home of New York in 1920 under Elmer Gant, state agent of the farm department, traveling that territory for two years. Then he was transferred to Omaha as special agent, continuing there until February, 1933, when he again was transferred to his present position in Chicago. Mr. Bridges made so much of a reputation among Omaha insurance men that he

was given a farewell dinner at which he was presented a five pound chromium-plated key to the city engraved with the affectionate name by which he is known in that city, "Pop" Bridges, and also a fine set of golf clubs. He was wielder of the Omaha pond some six or seven years and achieved the reputation as one intensely devoted to the interests of Blue Goose. He has been a Shriner some 20 years.

Friends of Clyde B. Smith will regret to learn that Mrs. Smith is confined in the same sanitarium at Cragmore, Col., where their son, Harry Smith, is desperately ill. Mrs. Smith motored to Colorado to visit her son and was stricken when she arrived there.

C. D. Lasher, general manager at Chicago for the Home, is carrying his right arm in a sling, having suffered a broken wrist when he was pinned between his automobile and a garage door.

Once every year Garfield W. Brown steps out of his role as insurance commissioner of Minnesota and dons the uniform of a lieutenant colonel in the national guard. For the past few weeks he has been at Camp Dodge, Ia., where his division has been in annual encampment. On his return, Commissioner Brown will make a brief visit to Canada.

The mother of Harry W. Hull, Indiana state agent of the London & Lancashire, is seriously ill in a Chicago hospital.

Mrs. Walter R. Fogg of Columbus, O., wife of the former well known field man in the state, died the other day at the age of 62. Mrs. Fogg was at her summer home at Rye Beach and suffered a long illness. In addition to her husband a daughter, Mrs. R. W. Miller of Columbus, and a son, W. R. Fogg, Jr., survive.

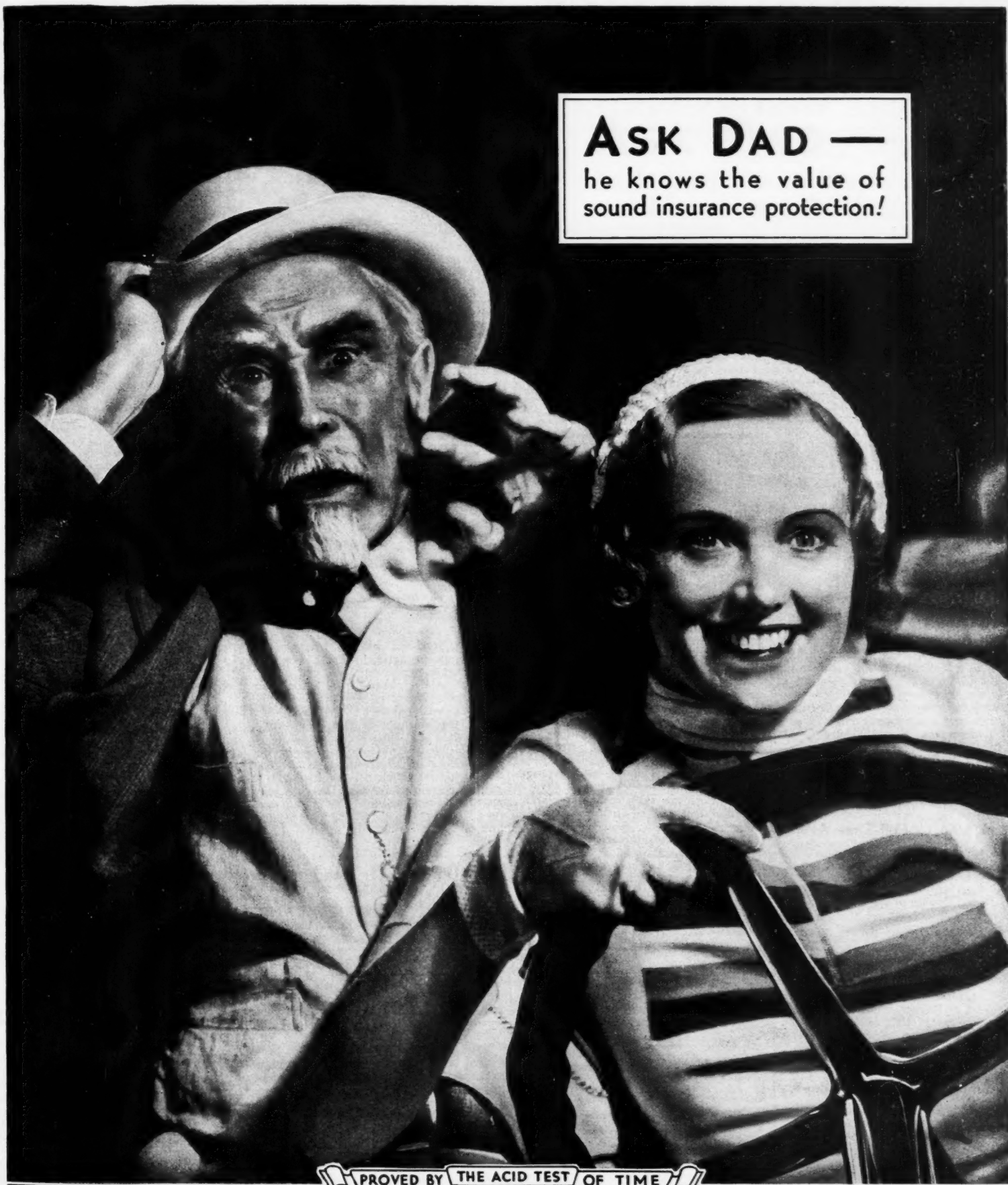
A. F. Turton, Virginia state agent for the Agricultural, and E. Bruce Fraley, who supervises Virginia for the York-shire, had quite a thrilling and hazardous experience during the windstorm which swept the Virginia coast last week. They were occupying a cottage at Willoughby Spit and found it necessary to flee for their lives with their families when waters from Chesapeake Bay practically engulfed the resort. Wading through water waist deep, they carried their wives and children to points of safety inland.

Mrs. A. J. Miazza, wife of the president of the Crescent Adjustment Company of New Orleans, and mother of Martin Miazza, Monroe, La., and Angelo Miazza, Jackson, Miss., both well known adjusters, died suddenly in New Orleans last Friday.

The engagement of Miss Helen Letitia Willett, daughter of Mr. and Mrs. Henry I. Willett, to Chester W. Horn of the Everett-Carbin-Horn Agency of Jersey City is announced. Mr. Willett is assistant secretary of the Firemen's of Newark.

Franklin W. Fort of Newark, well known reinsurance executive, is taking a Mediterranean cruise with his son and is expected back about the middle of next month.

Samuel Robinson, assistant state fire marshal of Michigan, was painfully injured in an automobile accident on the outskirts of his home city, Charlotte. Mr. Robinson's car collided with another machine on one of the main state trunk lines leading out of the city. He suffered severe bruises and a deep laceration of the nose, necessitating several stitches.



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MIDDLE WESTERN STATES

Minnesota Program Enlarged

**Discussion of Automatic Cancellation,
Talk by E. D. Lawson Added—
Lilly Heads Slate**

MINNEAPOLIS, Aug. 30.—Some additions to the program of the Minnesota Association of Insurance Agents, which holds its annual meeting Sept. 5 at Radisson Inn, have been announced.

At the close of the morning session there will be a discussion of "Automatic Cancellation for Non-Payment," led by P. H. Ware, manager Minneapolis Underwriters Association. J. P. Devaney of Minneapolis, newly appointed chief justice of the Minnesota supreme court, is an added luncheon speaker.

E. D. Lawson, Chicago, manager western marine department Fireman's Fund, will discuss "Inland Marine Insurance" at the afternoon session and F. J. Ney, vice-president Fred L. Gray Co., Minneapolis, who is chairman of the compensation committee of the Minnesota association, will give a report on "Compensation Commissions."

R. J. Lilly of St. Paul, chairman of the executive committee, is slated to be elected president.

Missouri Agents Decide to Hold Their Meet in Chicago

The Missouri Association of Insurance Agents in a mail vote of the membership decided to hold this year's meeting at the Drake hotel in Chicago, in conjunction with the convention of the National Association of Insurance Agents. Under this arrangement the Missouri agents will be able to attend both their national and state meetings and also visit the world fair with practically no increase in expense above what the cost would be to attend the national meeting.

School Line to Full-Time Agents

The school board of Michigan City, Ind., has decided that insurance for the public schools will be purchased from persons or firms engaged solely in the insurance business. This would seem to eliminate banks, real estate firms and others who handle insurance more or less as a sideline.

Footman Not Appointed

M. L. Linton & Co. of St. Louis, general agents of the Sussex Fire, state that the announcement that H. E. Footman of Kansas City had secured a general agency of the Sussex in his city is incorrect.

Hammond Board's "Roundup"

The "first annual roundup" of the Hammond, Ind., Insurance Agents Association will be held at Woodmar Sept. 14. Field men and managers of fire companies have received invitations and a good attendance is expected.

Enjoin Hail Fund Transfer

BISMARCK, N. D., Aug. 30.—A suit brought by six Wells county farmers to enjoin the transfer of \$500,000 from the North Dakota hail insurance fund to the real estate bond interest payment fund, as authorized by the 1933 legislature, is being argued in supreme court.

The petitioners assert the hail fund was derived from taxation for a specific

purpose and that it is a trust fund to be used only for the purpose for which it had been created, to insure the owners of growing crops against losses by hail.

Indiana Meeting at Gary

The Indiana Association of Insurance Agents will hold its annual meeting at Gary this year. Fred Jannasch of Gary is president. A tentative date, Oct. 9, has been set which is the week of the National Association of Insurance Agents convention in Chicago.

Henry Leading Factor

C. G. Henry, well known local agent at Delaware, O., is the main factor in the organization of the Improved Mutual Insurance Association. It has been

licensed by the Ohio department. W. P. Smart of Ostrander is president, C. W. Gephart of Delaware, vice-president, and Mr. Henry is secretary and treasurer. The directors consist of Mr. Smart, Mr. Gephart, Mr. Henry, Harley Scott and C. C. Coyner. It will operate only in Ohio.

W. E. (Doc) Golden Dies

W. E. (Doc) Golden, former state agent for the Atlas in Minnesota and Wisconsin, died at his home in Grand Rapids, Mich., at the age of 77. He originally traveled for the old Manchester Fire in Wisconsin. When that company was taken over by the Atlas he was retained and traveled 13 years. Twelve years after his retirement from the Atlas, that company voluntarily put him back on the salary list. He was one of the founders of the Blue Goose at Green Lake, Wis.

The office of Thayer Adjustments in Cleveland is being removed to 706 Keith building Sept. 1.

IN THE SOUTHERN STATES

Plan for Oklahoma Meeting

**Tulsa Local Agents Will Act as Hosts
at the Forthcoming Annual
Convention**

Alfonso Johnson, manager of the Dallas Insurance Board, will be one of the chief speakers at the annual meeting of the Oklahoma Association of Insurers at Tulsa, Sept. 15. He will talk about the Dallas plan of handling municipal and school board insurance. E. W. (Woody) Clarke, president of the Oklahoma City Local Insurance Board and chairman of the state executive committee, will also give an address. R. W. Branch of Tulsa, secretary of the Tulsa Insurance Board, has charge of the local arrangements. V. V. Silks of Ponca City is president of the Oklahoma association. The Tulsa Board is busily engaged in preparing for the meeting.

Mott M. Keys, secretary of the Oklahoma City local board, who has also been acting as secretary of the Oklahoma association, is to be succeeded in that capacity by R. W. Branch, secretary of the Tulsa board. The change was requested by Mr. Keys and President E. W. Clarke of the Oklahoma City organization in order to reserve the former's time for building up the local board there, which has suffered because of the added duties of the secretary, and the Tulsa local board has agreed to assume the responsibility for the state association work.

Adopt New Birmingham Rule

**Representation of Company Planted
With Non-Board Agency to Be
Prohibited After Jan. 1**

BIRMINGHAM, ALA., Aug. 30.—A new rule relative to company representation involving members of the Birmingham Association of Insurance Agents will go into effect Jan. 1, as the result of the formal adoption of a new constitution and by-laws. Under this rule no member agent will be permitted to represent a fire company which has a non-member agent in the city. The same rule applies where the company is a member of a fleet in which associated companies have agents that are not members of the association.

General agents will have to come to-

tally in or remain totally out of the association, as member agents will not be permitted after Jan. 1 to represent a company controlled by a general agent who maintains an agency not a member of the association.

To Invite All Agents

No effort has been made yet to solicit membership of agents who were not members of the old association. By Jan. 1 an invitation will be extended every agent in the city who can qualify to become a member of the association. T. Anglin White is serving his second term as president and F. H. Smith, formerly special agent of the Home group, is the new full-time secretary.

Each agent becoming a member of the association is required to make a \$250 deposit, which can be forfeited in case of certain violations. Dual agencies are forbidden, except that companies may appoint one agent each in Ensley and North Birmingham, suburbs.

New Company Is Ready to Go

**Fidelity & Columbia to Start Active
Operations as Soon as It Is Ap-
proved by Louisville Board**

LOUISVILLE, Aug. 30.—The new Fidelity & Columbia Insurance Co., controlled by the Fidelity & Columbia Trust Co., is all set for business as soon as its application for membership in the Louisville Board is approved.

Officers and directors have been named as follows: Menefee Wirgman, president; L. F. Bosler, vice-president and active manager; J. G. Macpherson, L. P. Miller, L. F. Michael, vice-presidents; L. M. Render, secretary; M. B. Senn, treasurer. All are officers of the trust company.

Taking on Other Companies

The company, which has represented the Firemen's of Newark for nearly 15 years, through coming into the board has been able to take on board companies. It will represent the Travelers Fire and Continental. Mr. Bosler plans to take on one or two more companies, but not until after the first of the year.

The Firemen's and affiliated companies are in three non-board agencies in Louisville, which will either be brought into the board or dropped. The Southern Trust Co. represents the Milwaukee Mechanics, the Bruce Hoblitzel real

Counties Embraced in 9 Ohio Districts Given

The counties embraced in the districts under the new setup of the Ohio Association of Insurance Agents are as follows:

District 1: Morrow, Union, Delaware, Licking, Franklin, Madison, Pickaway, Fairfield, Perry and Ross.

District 2: Pike, Belmont, Guernsey, Scioto, Muskingum, Morgan, Noble, Monroe, Washington, Athens, Meigs, Vinton, Jackson, Gallia and Lawrence.

District 3: Hamilton, Butler, Warren, Clinton, Highland, Brown, Clermont and Adams.

District 4: Montgomery, Preble, Darke, Miami, Greene, Fayette, Clark and Champaign.

District 5: Allen, Mercer, Shelby, Auglaize, Logan, Hardin, Marion, Wyandot, Crawford, Hancock, Putman, Van Wert and Paulding.

District 6: Lucas, Wood, Henry, Defiance, Williams, Fulton, Ottawa, Sandusky, Erie, Huron, Seneca.

District 7: Cuyahoga, Lake, Geauga, Ashtabula and Lorain.

District 8: Summit, Portage, Medina, Wayne, Stark, Tuscarawas, Holmes, Coshocton, Ashland, Richland, Knox.

District 9: Mahoning, Trumbull, Columbiana, Jefferson, Carroll and Harrison.

estate agency has the Girard and the Hagner Insurance Agency represents the National-Ben Franklin.

Present Protests Against Proposed Architect Clause

NEW ORLEANS, Aug. 30.—Representatives of home owners appeared at an open hearing of the Louisiana insurance commission to protest further against the new architects' clause prescribed for fire policies in this state. They said many county towns have no licensed architects and that the provision, to be equitable, should permit the alternative employment of builders, instead of architects, who, it was contended, were as competent to estimate fire damage as architects. Chairman R. M. Walmsley of the commission stated that Louisiana is the only state in the Union which uses such a clause.

J. H. Bodenheimer, representing a group of general agents, presented a protest against the wording of a part of the suggested definition of a general agent now before the commission. The commission took both questions under advisement.

Insurance Loss from Storm in Virginia Reported Small

RICHMOND, VA., Aug. 30.—Companies writing windstorm coverage are reported to have suffered comparatively slight loss from the terrific windstorm which caused property damage estimated at several million dollars at Virginia Beach and other Virginia seaside resorts last week, due to the fact that but little of the property was protected against such a hazard. In Norfolk and other tidewater Virginia cities there was considerable property damage from the blow but the claims are reported to have been relatively few. There were also scattering claims for damage in Richmond and other inland cities. Plate glass loss in the communities swept by the storm was roughly estimated at \$10,000 and was practically all covered by insurance.

A substantial amount of windstorm insurance has been written in the affected areas since the storm. Property own-

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ers, insurance men say, are apparently waking up to the fact that they are not immune to such hazards and it is believed that the day is not distant when it will be the rule rather than the exception for homes and other property in Virginia to be protected against wind-storm.

Urge Higher School Valuation

OKLAHOMA CITY, Aug. 30.—Recommendations submitted to the city school board by a committee representing the Associated Fire & Casualty Underwriters of Oklahoma City favored a 10 percent increase in valuation on insurable city school properties, which would mean \$600,000 insurance. The recommendations submitted by the committee coincide with those of a committee appointed by the school board, composed of architects and builders.

Steps are being taken by the local board for establishing a credit information exchange through contact with the Oklahoma City Retail Credit Bureau to improve the credit situation.

Mutuals Get Cotton Lines

Loss of lines on cotton in warehouses in protected towns to mutuals is reported by some of the stock companies. The mutuals are reported to be especially aggressive in Georgia, Alabama and South Carolina.

The mutuals are offering insurance under reporting covers at a single location, which permits pro rata cancellation when insurance is reduced.

Leo Thieman Resigns

LOUISVILLE, Aug. 30.—Leo E. Thieman has resigned as executive secretary of the Louisville Board. He joined the board about six years ago, coming back to Louisville, his home town, from Chicago, where he had been with the Casualty Information Clearing House.

He has also acted as secretary of the Kentucky Association of Insurance Agents and has aided very materially in increasing membership in the state body.

Opens New Inspection Service

NEW ORLEANS, Aug. 30.—M. M. Hansson, for the past 11 years an engineer with the National Inspection Company of Chicago, is launching an underwriting, inspection and report service with offices in the American Bank building, operating as the Southern Underwriters Service.

Quin Gets Fair Tickets

Langdon C. Quin, well known general agent of Atlanta, is this week's winner of a book of world fair tickets because his application for reservation at the annual meeting of the National Association of Insurance Agents in Chicago was the first to be opened by the convention committee.

Georgians to Motor to Chicago

H. G. Arnall of Newnan, president Georgia Association of Insurance Agents; A. R. Menard of Macon and Scott Nixon of Augusta, past presidents, are planning to drive to the annual meeting of the National Association of Insurance Agents in Chicago, doing a little sightseeing en route. Sidney O. Smith of Gainesville, member of the National executive committee, was invited

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to join them but has made plans to take his family and will go by rail.

For the past five or six years Messrs. Menard, Smith and Nixon have formed the Georgia contingent at the annual and mid-winter meetings of the National association. The addition of President Arnall to the group is regarded as quite an acquisition.

News of Pacific Coast States

New Mountain Book Is Out

Comprehensive Insurance Directory and
Reference Volume Issued for
Three States

The 1933-34 edition of the Underwriters Handbook of Colorado, New Mexico and Wyoming is issued jointly by THE NATIONAL UNDERWRITER and the "Western Underwriter" of San Francisco. This book was originally published by the old "Insurance Report," which moved to San Francisco and became the "Western Underwriter." It is an exhaustive compendium of insurance information of the Rocky Mountain states. This is a reference work of great value to all in the business. It has an agency department giving the names of agents and the companies they represent in all cities and towns in the three states. It gives a list of casualty general agents, managers and field men. It gives statistical and

financial information regarding all companies. It gives full information regarding fire companies and their field men. It has complete life insurance data. It has statistics regarding Colorado insurance shown in a comparative way. It gives the insurance laws in these three states.

Joins General of Seattle

E. L. Owen, who has been doing insurance engineering work in Los Angeles, has been added to the home office staff of the General of Seattle. He is to be connected with the claims department as fire adjuster. He has been a local agent in Washington and was later vice-president of Frank Allyn, Inc., general adjusters. He resigned from this organization to establish his own adjusting bureau at Tacoma, Wash. When Percy H. Goodwin was president of the National Association of Insurance Agents, Mr. Owen became general manager of the Percy Goodwin Company in San Diego, Cal. He has also served in various insurance capacities in Philadelphia, New York and other cities.

Bennett at Colorado Springs

COLORADO SPRINGS, Aug. 30.—W. H. Bennett, secretary National Association of Insurance Agents, addressed 54 members of the Colorado Springs association and a number of visitors at a dinner meeting on his way east from a Pacific Coast tour.

Mr. Bennett said the NRA program will unquestionably prove of tremendous benefit to the companies and agents as well. The NRA as applied to the insurance business, he said, is bound to eliminate, to a large extent, many of the unfair practices in the business. The companies following correct underwriting principles have withstood the days of

depression admirably and are now in line to proceed with increasing success. The reason for company failures, he said, was rate-cutting, speculation and mismanagement.

He touched on the bank agency situation and criticized agents remaining out of the association.

President Floyd Padgett reported that the Colorado Springs association was only short three members of the goal for the year. F. T. Priest, Wichita; Elmer D. Becker, Chicago, and John N. Lewis, Oklahoma City, were out-of-state visitors. There were a number of agents, general agents and field men from Denver, Pueblo, Canon City and Holly.

Form New General Agency

The Finck-Packard & Schwind general agency has been organized in Los Angeles with offices in the Pershing Square building, representing the United States Casualty and New Amsterdam Casualty. The agency is composed of M. M. Finck, formerly of the Abbott & Finck local agency of Los Angeles, in which his entire interest has been sold; M. E. Packard, special agent in southern California for a number of years for fire agencies, and Anson Schwind, pioneer local agent in the San Fernando valley and head of the Schwind agency at Van Nuys, until seven years ago.

Humphreys Gets Associated

T. V. Humphreys has been appointed general agent at Los Angeles for the Associated Indemnity and for the Associated Fire & Marine for auto fire and theft.

W. W. Williamson, pioneer agent at Colorado Springs, who suffered a stroke of paralysis several weeks ago, is still confined to his home.

EASTERN STATES ACTIVITIES

Hurricane Liability Is Small

Insurance Loss Not Over \$100,000 in
Atlantic Storm Which Did
\$3,000,000 Damage

PHILADELPHIA, Aug. 30.—The northeast hurricane which swept the Atlantic Coast over a four-day period last week causing damage estimated at around \$3,000,000, will mean not more than \$100,000 insurance loss, according to estimates of companies and agents.

In another storm some weeks ago, insurance loss was only \$55,000, while total loss exceeded \$2,000,000. In the first storm a great deal of the damage was uninsurable, such as trees. The same was not true in the recent gale.

Few people carry windstorm or water damage insurance. This is true even in the shore resorts, where the bulk of the damage resulted. Companies of course will not accept any coverage on boardwalks. The rain insurance loss was so small as to be inconsequential, very little of this coverage being sold on the eastern seaboard, the bulk of it being written in the middle west.

As a result of the recent storm, agents in Philadelphia are planning an intensive selling drive for windstorm and water damage insurance. They will argue to prospects that even though they are renting, their furnishings can be damaged, a fact brought home very strongly by last week's storm. They will also canvass home owners. The vast majority of windstorm and water damage policyholders in the east are building and loan associations.

West Virginia Test Case

CHARLESTON, W. VA., Aug. 30.—A legal test of the powers of Commissioner Sims and Deputy Commissioner Harlan Justice is to come up for hearing in

circuit court here Sept. 5 in a suit brought by the Flat Top Insurance Agency of Bluefield, W. Va., and C. A. Bradshaw, an official of that agency.

Deputy Commissioner Justice ordered the agency to cancel several fleet policies on trucks, which he considered illegal. The agency asked him to withdraw his order, which was refused. Suit was filed in the Mercer county circuit court and a temporary injunction granted against the commissioner and his deputy. The case was later refiled in the circuit court here and is to be heard next week.

Enlarge West Virginia Activities

CHARLESTON, W. VA., Aug. 30.—Leaders of the West Virginia Association of Insurance Agents, meeting here, adopted tentative plans for enlarging the activities of the association and also discussed the selection of a secretary-manager. Final action in both matters will be taken at a later meeting at Parkersburg.

Attending the meeting were R. M. Henry of Fairmont, immediate past president; C. L. Heaberlin of Beckley, the new president; E. C. Huzum, Fairmont; J. W. Blakely, Welch; J. P. Rusk, Charleston, and F. C. Calley, Huntington.

Attacks Broker-Agents

JERSEY CITY, Aug. 30.—Henry Roth, a Jersey City local agent, stressed needed reforms in the fire and casualty field under the NRA code, in a talk before the Lions' Club here.

He is opposed to agents' representing both the company and the insured. He declared the agent should represent the company and he contended that the man who represents the claimant or insured is really a broker. The so-called agent starts to represent the insured in a loss adjustment, which results in a long delay and considerable trouble

before a final settlement is accomplished, and the policyholder pays for all this extra delay and work.

Of the 25,000 producers in the insurance field in New Jersey, he said there are about 20,000 agents and 5,000 brokers, while under a proper definition of their activities the figures should be reversed, with 20,000 brokers and 5,000 agents. He declared that two out of every five policyholders have not sufficient coverage.

New Jersey Agents to Meet

Atlantic City has been set as the place and Sept. 14-15 the dates for the semi-annual meeting of the New Jersey Association of Underwriters, of which A. V. Livingston of Englewood is president. The organization for years has made determined efforts to secure the enactment of an agent's qualification law but without success, the measure failing of enactment usually because legislators were more concerned with the consideration of other bills. Not disheartened, however, the association will continue its efforts.

Remapping Charleston, W. Va.

A new building map of Charleston, W. Va., is being prepared by the Sanborn Map Company and will be finished by Sept. 7. Communities in the vicinity of Charleston also will be shown. The last map of Charleston was made in 1912.

Ontario Agents to Meet

The Ontario Fire & Casualty Agents Association will hold its annual get-together in Toronto Oct. 22-23.

L. V. Webb Makes Change

L. V. Webb, officer and director of Firman-Webb Co., Rochester, N. Y., for 20 years, has severed his connection with that company and become associated with the Parker-Consler agency, 75 Broad street, Rochester.



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INSURANCE COMPANY

John H. Griffin, Vice Pres. & Mgr.
MINNEAPOLIS, MINNESOTA

Oliphant Head of Tennessee Agents

Start Campaign to Stimulate Interest

President-Elect Oliphant Announces Plan to Enlist Small Town Agents

NOTABLES ARE SPEAKERS

Low Ebb of Membership, Apparent Lack of Interest to Be Met Aggressively

NEW OFFICERS ELECTED

President—J. W. Oliphant, Chattanooga.
Executive vice-president—W. Morgan Garrott, Memphis.
Executive secretary-treasurer, Leslie M. Ross, Gallatin (reelected).
Regional vice-presidents—C. P. Edwards, Jr., Kingsport (reelected); N. C. Critchlow, Murfreesboro (reelected); H. A. Bransford, Union City.
Executive committee—Halie C. Gross, Nashville, chairman; A. B. Patten, Jackson; H. A. Caldwell, Clarksville (reelected); Henry McMillan, Knoxville (reelected).
National councillor—C. B. H. Loventhal, Nashville.
Memphis was chosen as the 1934 convention city, date to be designated later by executive committee.

An aggressive and constructive campaign to meet changed conditions, and especially for the development and benefiting of the small town agents, was initiated at the Signal Mountain annual meeting of the Tennessee Association of Insurance Agents.

B. C. Gross, retiring president, in his annual address took up conditions due to the period of depression, and incoming President J. W. Oliphant, Chattanooga, explained the steps to be taken by the new administration in advancing the cause of the agents.

One of the most important resolutions adopted was that authorizing the administration to take steps immediately in the matter of the National Union of Pittsburgh, East & West Fire and Albany of New York planting with the

Action Taken on Planting with Financial Institution

The Tennessee Association of Insurance Agents will take action immediately with regard to the planting of the National Union of Pittsburgh, the East & West Fire and the Albany of New York with the Nashville branch of the Southern Trust Company of Louisville, in line with a resolution adopted at the Signal Mountain convention.

The members authorized officers to start negotiations with these companies for withdrawal from the Nashville branch which is classified as a financial institution, and if not successful to call the matter to the attention of C. B. H. Loventhal, national councillor, with a request that he convey the agents' position to the executive committee of the National Association of Insurance Agents.

Exchange Made Complaint

Following action of the three companies in appointing the Nashville branch of the trust company several months ago the Nashville Insurance Exchange made complaint that the companies, it was reported, refused to withdraw. The attention of the Tennessee association's executive committee was brought to the matter and efforts of this group likewise were unsuccessful.

Action of the Nashville Exchange and the agents' executive committee was approved at Signal Mountain.

The resolution adopted read as follows:

Nashville branch of the Southern Trust Company of Louisville, which is explained more fully in another column.

In other resolutions the executive committee of the National association was requested to consider the creation and assignment of a full time traveling field representative, to urge simplification of manuals by casualty companies, to ask allotment of state funds for establishing machinery in the Tennessee insurance department for enforcing the law; to endorse the National association's effort to promulgate an insurance code.

J. H. Hines, immediate past president Southeastern Underwriters Association, of Hines Brothers, managers for Crum & Forster, gave the outstanding address, on "Company Thoughts in Cellophane." S. O. Smith of the National association executive committee gave a fine address

"Whereas, upon special call by the president of the Tennessee Association of Insurance Agents, the executive committee of this association met Aug. 22, for the purpose of considering a certain report of the Nashville Insurance Exchange pertaining to the Nashville, Tenn., branch of the Southern Trust Company of Louisville, Ky., a financial institution, and a violation of the conference agreement in connection therewith, by the National Union Fire of Pittsburgh, the East & West of New Haven, Conn., and the Albany of New York City, and

Urges Immediate Action

"Whereas, after due deliberation, said executive committee concurred in and upheld the action and procedure of the Nashville Insurance Exchange with reference to said violation;

"Therefore, be it resolved, that this convention go on record as condemning the action of said companies, and hereby instructs the officers of this association to promptly call upon said companies to withdraw from said agency and, failing to secure immediate withdrawal, request the national councillor to proceed at once to present the matter to the executive committee of the National Association of Insurance Agents for prompt action by that body."

reviewed in another column. Commissioner J. C. Tobin discussed "The Insurance Department." Harry Avery, special investigator of the National Board, spoke on "Arson." Southern Manager S. Y. Tupper of the Royal-Liverpool group spoke on "Some Problems Ahead," and State Agent E. L. Stephenson of the Fidelity & Casualty on "Proper Attitude of the Special Agent Toward Agency Organization."

Executive Vice-President E. M. Allen of the National Surety, past president of the National association, gave a stirring talk. The agents paid tribute to Miss Julia Hindman of Nashville, who served for many years as secretary-treasurer and is now a life member of the association. A telegram expressing affection was sent to Miss Hindman, who was absent.

(CONTINUED ON NEXT PAGE)

Return to First Principles Vital

National Executive Committeeman Smith in Message from Parent Organization

DISCUSS MANY MATTERS

Leader Criticises Oppressive Taxes, Opposes Commission Cuts in Fine Address

National Executive Committeeman Sidney O. Smith of Gainesville, Ga., brought greetings to the Tennessee agents from the National association, President C. L. Gandy and Allan I. Wolff, chairman national executive committee. He commended the services of J. H. Hines as president of the S. E. U. A. at a time which he termed as the hardest in its history, and paid respects to Southern Manager S. Y. Tupper of the Royal-Liverpool group, Commissioner Tobin and E. M. Allen, executive vice-president National Surety.

Mr. Smith said there must be a return to fundamentals, that sound underwriting alone can bring success. He urged the principles of profit to companies, service to assureds, fair dealing from state insurance departments and a better understanding of agents.

Several Tests of Condition

Financial sheets of companies are not the only test of their valuation, but character and good will also are important factors. The market value of an agent is ability to make profit for his company and if agents fail to do this they either must retire voluntarily or be put out of business. Mr. Smith said the public must be educated to an understanding that insurance is not a right but a privilege and it is not a prerogative for anybody or any class to buy protection.

State regulatory bodies, he said, have become only tax-gatherers, state governments having starved the departments to death until higher requirements of company examinations by able men and supervision of licenses have been made



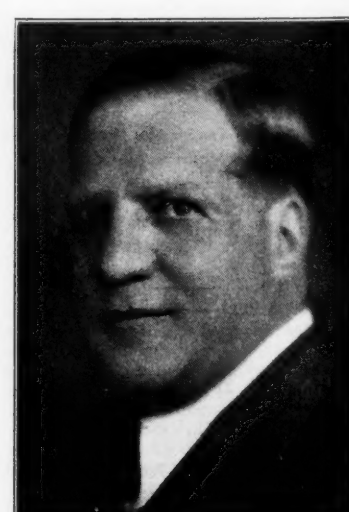
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New President



HALIE C. GROSS, Nashville
Retiring President



LESLIE M. ROSS, Gallatin
Executive Secretary



CHARLES B. H. LOVENTHAL, Nashville
National Councillor

subordinate to collecting fees for state treasuries.

Mr. Smith was unable to give any details about the NRA code for insurance but he said publication of a new working agreement would show that National association leaders had striven to accomplish what was best for the business.

Automatic Cancellation

He said that the choice of companies with a view to the restriction of branch offices lay with agents as lists of companies showed their views on this matter. He stated that small town agents, who compose by far a majority of the National association membership, in the main favor adoption of an automatic cancellation clause.

Mr. Smith opposed any further reduction of commissions, saying that it is as important that the agent maintain his solvency as for the company. If commissions should be cut, he said, agents would have to pull down their signs. He expressed belief that as conditions improve companies will realize that higher compensation is required for competent agents. He said that some day companies would prepare for some form of contingent commissions; that it is not fair for companies to pay the same compensation to the agent who makes a profit as to the one who burns them up.

Mr. Smith expressed high regard for the officers of the Insurance Executives Association but said he did not appreciate the association's recent action in withholding questionnaires in regard to companies operating branch offices.

Start Campaign to Stimulate Interest

(CONT'D FROM PRECEDING PAGE)

The brokers' license law passed by the last legislature was referred to the legislative committee for study and report. A committee was named to consider means for awarding a trophy to the Tennessee special agents who procure the largest number of applications of agents for membership in the association. There was discussions of overhead farm writing, mutual automobile insurance and other subjects in the executive sessions. The annual banquet was held the first evening.

Past Presidents' Project

A plan to create a past presidents association of the Tennessee organization was referred to W. I. Edwards, past president, to report at the Memphis meeting next year.

General committees were: Nominating—Henry McMillan, chairman; W. S. Reese, I. K. Glase; resolutions—W. Morgan Garrott, chairman; W. E. Edwards, Nevis Sloan; auditing—W. W. Lyon, chairman; J. R. Hardy, C. G. Wolbome.

W. S. Keese, Chattanooga, was general chairman of the convention committees, which were: Registration and reservation—W. C. Hatcher, Jr., chairman; C. S. Colburn, L. C. Stovall, C. G. Wallace; convention program—J. B. Irvine, chairman; J. W. Oliphant; general entertainment—P. S. Daniel, chairman; J. M. Kemp; invitations—Sam Chester, chairman; H. F. Wenning, Laurell Thatcher.

Retiring President Gross at the opening of the convention spoke of the lack of official cooperation by field men, a subject that was taken up again on the closing day by Mr. Stephenson, who urged that some plan be devised, with the result that it was decided to award a trophy to be known as the "President's Cup" for the special agent bringing in the most new members.

Discussions Are Frank

All discussions were frank and friendly. Agency leaders and company managers expressed their convictions without reservation.

Secretary-Treasurer Ross said the membership was low and it seemed that most members were drifting along. As

soon as President Oliphant was installed he announced that the first program to be carried out would be to interest small town agents in the association.

Commissioner Tobin followed Mr. Smith, expressing affection for the American agency system drawn from his 20 years of former service as a local agent and affiliate of the state and national associations. He said in regard to Mr. Smith's statement that state insurance departments had become mostly tax-gathering institutions, that the Tennessee insurance commissioner is also head of the banking, building and loan and blue-sky law department.

No Supervising Machinery

There is no machinery in Tennessee for supervising the licensing of agents and assistance in this function must come from organizations such as the Tennessee association. He urged the devising of some method by which representatives can be placed in the larger Tennessee cities to ferret out violations of law. He asked the agents to give him early advice of complaints, for he said it is far easier to refuse to license an agent than it is to revoke the license after it has been authorized. He explained the brokers' law and told something of the disappearance of cotton premiums which had been reported placed in marine cotton pools. The commissioner urged that the agents combat inimical legislation before it is introduced, for he said the efforts usually come too late.

Mr. Allen mentioned a previous visit to the Tennessee association when he was president of the National organization. He characterized the Tennessee leaders as "crusaders of the American agency system." He expressed regret for the apparent indifference of many association members in Tennessee and other states in activities to protect their very livelihood. The National association is working day and night for its members, he said. After joining the company ranks, Mr. Allen said he came to a realization that local agents were a necessity in the business. He said the companies are anxious to help agents. There is no effort by companies to work against proper agency suggestions.

Urges Upright Conduct

The best code that agents can adopt is their own code of upright conduct, he said in commenting on the NRA program. It is not necessary for agents to ask the government for regulation. Mr. Allen condemned the payment of unearned premiums by agents in cases of insolvent companies and he said this practice is one of the bugaboos of competition.

He is opposed to the new Tennessee brokers' law on the grounds that the quickest way to tear down the American agency system is to encourage agents to become brokers. He urged rigid agents qualification laws and proper examinations for licenses.

Special Investigator Avery of the National Board spoke of the large losses due to incendiary fires and told of the National Board's effort to arrest and convict firebugs. He told details of the breaking up of an arson ring in Chattanooga.

There has been a large reduction in the number of suspicious fires since the banking holiday and the restoration of national confidence. In the months March-June, inclusive, losses were reduced \$57,000,000, he said. Invoking of the 60-day loss payment clause appears to have been very beneficial.

Upon motion of V. R. Williams of Winchester, the convention stood in silent tribute to Past President Albert Frierson, John Senter and State Agent C. L. Nelson of the Fidelity-Phenix at Louisville, who died during the year.

A number of companies are writing farm property overhead for life insurance and loan companies holding mortgages on Tennessee farm property, it was brought out in discussions, thus depriving local agents of their commissions.

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Did Not Need the Ark Until It Rained. He Had to Build It in Dry Weather.

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CHATTANOOGA INSURANCE EXCHANGE

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Hugh D. Huffaker	W. S. Keese, Jr.	H. F. Wenning	W. E. Thatcher, Jr.

Pledges its sincere cooperation and support to the State and National Associations and their principles.

We hope the Tennessee agents enjoyed the 39th Annual Convention meeting in Chattanooga as much as we enjoyed being hosts. We look forward to an early return visit.

Members of

Chattanooga Insurance Exchange

Trust Fund Plan Being Discussed

(CONTINUED FROM PAGE 1)

In *Atlas vs. Dudley* (175 N. Y. S. 549) the court held that where a company authorized its agent to solicit insurance within a prescribed territory and retain and use the premium for a certain period, the agent in drawing checks on his bank account in regular course of business before premiums collected actually became due and payable was guilty of no wrong doing.

The case of *Chicago F. & M. vs. Fidelity & Deposit* (18 Pac. Rep. 260) was brought by the fire company against the F. & D. on a bond given on an agent. The question was whether the nonpayment of premium collected constituted larceny. The court held that the company by tacitly consenting to the agent depositing funds in his account and its habitual acceptance of checks on such account drawn by the agent in payment of balances, establishes the relation of debtor and creditor. The agent's failure to account for the premium collected would not constitute embezzlement and there could be no recovery under the bond.

The court held that the relationship created by the contract was simply that of debtor and creditor and it cites in support the case of the state of *Washington vs. Covert* (14 Wash. 652). The court held that if the company knows that the agent is accustomed to depositing money in a bank belonging to the principal, and raises no objection but accepts the agent's checks habitually for balances, then the company must be held as consenting to the conversion and to the creating of the relationship of debtor and creditor.

The argument is developed by the court that the company must be held to know that where it consents to deposits in such manner, it agrees that the relationship so based on its money deposited by the agent creates such relation of debtor and creditor between the agent and the bank and that an indebtedness must thereupon arise from the agent to the company from use of the money.

Points Out Absurdity

Any other view, Mr. Bennett said, would involve the proposition that the company would consent that the title to its funds might be vested in the bank through a loan made by the agent in his individual name to the bank at the same time that it would be in a situation to insist that the title still remained in the company—a manifest absurdity. Such a practice is declared to put the company on notice that it consents to the use of its money constantly for purposes other than the direct payment to it. The acceptance of the agent's check in payment from time to time clearly indicates that the money is subjected to the perils of the agent's individual business. When it is lost in that business, the speaker contended, it is then too late for the company to bring a charge of embezzlement. The views he said are supported in the case of *Williams vs. U. S. F. & G.* (105 Md. 460).

Early Reservations Urged

Local agents throughout the country who plan to attend the annual convention of the National Association of Insurance Agents in Chicago Oct. 11-13, are warned by the local registration and hotels committees in that city that it is urgent they register immediately in order to avoid great inconvenience in finding hotel accommodations when the agents gather.

The committees now have blanket reservations with a number of hotels which amply cover the expected attendance, but due to the fact that many thousands of people are moving on Chicago this year to attend the Century of Progress exposition and the multitude of conventions, it is feared that delay in setting

aside rooms will cause agents a chaotic last minute rush.

Chairman E. B. Vickery of the hotels and transportation committee said the Chicago men want visiting agents to be contented and comfortably housed during their visit but this cannot be done unless registrations are sent in. They are coming very slowly.

Mr. Vickery says there is not a possibility that any agent who leaves his Chicago room accommodations to be arranged when he arrives in that city will be able to find a place in any of the downtown hotels. These hotels have been filled to capacity for several months. Many fair visitors are extending the period of their stay in Chicago and are loath to give up their rooms. This condition will grow worse as the end of the fair approaches.

Automobile Rebuilders in Chicago Form Organization

The Chicago Automobile Rebuilding & Equipment Association has been organized with executive quarters at 1201 Harris Trust building. C. E. Cheever is president, W. T. Silver, secretary; Benjamin Franklin, treasurer and Simon Herr executive vice-president. The members are the Wray Miller Company, Cord Tire Company, Maremont Manufacturing Company, Commercial Tire & Supply Co., American Auto Body Builder, Acorn Battery & Tire Co., Auto Construction Company and the Larson Auto Service. In a statement by the officers they say that this organization has for its primary purpose aid for governmental units, insurance companies and their organizations in stamping out automobile thefts. The officers say that by proper coordination between their organization, political bodies and insurance companies it will be possible to greatly diminish automobile stealing. It is known that some automobile owners have been subjected to unfair practices. The officers say that while the individual members of the organization have rendered service in the past, it was felt that much more could be accomplished through associated effort.

In a statement the officers say that all the members have agreed as a prerequisite to membership that their books and records as well as their stocks of merchandise will always be available to inspection by constituted authorities for determining the method of purchase and the type of merchandise. The officers declare that undoubtedly they will be able from time to time to make useful suggestions to public officials and insurance companies. The association, it is said, will invite to sit with its board for conference representative public officials and members of the insurance fraternity so that by close contact substantial results can be brought about in curbing thievery.

Lawson Is New President

A. H. Lawson, vice-president and real estate officer of the Washington Loan & Trust Co. of Washington, D. C., has been elected president of the National Union Fire of Washington, D. C., to succeed the late A. F. Fox who died in July after being president 48 years. John Saul, one of the directors, has been elected vice-president.

McBride With Great American

A. McBride, who has been with the Eagle Star & British Dominions, has been appointed joint manager for Canada of the Great American group. He will be associated with H. C. Bourne, who has been manager since 1931.

John C. Baker Injured

John C. Baker of the C. W. Sexton agency of Portland, Ore., was severely injured when struck by an automobile.

E. P. Gooden, of the Gooden & Seitz agency at Lawrenceburg, Ind., died Tuesday of this week after ten years of ill health.

Late News from the Casualty Field

Department in Dispute Over Report on Mutual

MADISON, WIS., Aug. 30.—In a dispute between the Wisconsin insurance department and the legislative interim committee on economy a temporary order was issued in circuit court here Tuesday returnable Sept. 1 to help decide whether Commissioner Mortenson shall turn over to the committee an actuarial report to the department on the State Farm Mutual Automobile of Illinois. The committee asked the commissioner for the report some days ago claiming their legislative authorization gave them access to all state files and records, and that refusal might mean dismissal of state officers who do not comply. The actuarial report was entered here with an application for license to do business in Wisconsin. The application has been held up to determine if the company's policies and practices comply with Wisconsin laws. It is charged some features of the State Farm Mutual are similar to those under attack in Milwaukee courts in a case against the Workmen's Mutual.

Stutz Gets Illinois Casualty

C. E. Stutz, formerly an automobile dealer and distributor at Indianapolis, has been appointed Indiana special agent of the Illinois Casualty of Springfield, Ill. Due to improved conditions, the company has reentered Indiana. Mr. Stutz' headquarters are at 826 38th street, Indianapolis.

F. B. Gustafson has been appointed special agent of the Illinois Casualty for Iowa with headquarters at 4029 Woodland avenue, Des Moines. He has had extensive experience in the state. He has been connected with the company for the last few weeks. The Illinois Casualty will extend its organization in Iowa.

Gets Fireman's Fund Indemnity

D. F. Broderick, Inc., 1612 United Artists building, Detroit has been appointed general agent for the Fireman's Fund Indemnity, sharing Wayne county with Peters & Hamel. The Broderick agency places the bulk of the auto coverage for the Universal Credit Company, financing Ford dealers.

New York Bill Signed

Among bills passed at the recent special session of the New York legislature and now signed by Governor Lehman was one creating a fund to consider reopened workmen's compensation cases, not pending before the state industrial board on April 24, 1933, or any closed cases in which application was received prior to such date.

Burnam a Vice President

SEATTLE, Aug. 30.—D. C. Burnam, for the past two years assistant secretary in charge of underwriting for the United Pacific Casualty, was elected vice-president and a director at the August meeting.

Arthur Northrup Resigns

Arthur Northrup, for the past six years agency supervisor of the American Automobile of St. Louis, at Indianapolis, is resigning and plans, before the first of the year, to open a local agency there. Before doing so he will make a business trip to Florida. Before going with the American Automobile he was with the Spink agency in Indianapolis and prior to that was connected with the Marmon Automobile Company.

New Interest in Contingent Plan

(CONTINUED FROM PAGE 3)

the plan would work admirably if each agent so compensated represented but one company. The average agent, however, represents anywhere from two to a dozen companies. Executives fear that under the contingent plan, when by virtue of a heavy loss early in the year, by any one or several of the companies, all prospect of earning a contingent is hopeless, the agent would favor the remaining companies in the office with his desirable business through the rest of the year, or perhaps for an additional 12 months, figuring that he would have a prospect of earning a contingent from them. That this is done in some cases, is unquestionably true, though to what extent is uncertain.

Some managers say it might be possible to pay contingents if these were predicated, not upon the individual record of any one company, but upon the combined experience of all companies in an agency.

Managers that have had experience with the contingent plan assert it brings much trouble with agents, who oftentimes challenge the figures prepared by the companies. On the other hand the companies frequently fail to accept the returns of the local men. Whether agents as a whole favor the idea of contingent commissions is doubtful; many have recorded their opposition, declaring for either flat or graded commissions.

Effect on Loss Ratio

The belief of Mr. Smith that the payment of contingent commissions would bring about a reduction in the country's loss ratio, does not meet with general support at head offices. Their position is that if all companies in an agency were granted contingents the underwriting proposition would be just as it is today, with the exception that companies would entail additional acquisition expenses. Benefit might result and probably would, managers argue, if instead of paying a flat 20 percent plus 10 contingent, companies fixed the compensation at 10 percent flat, plus 20 percent contingent. Agents then would be compelled to do very careful underwriting in order to earn a profit, and through such method there would be an excellent prospect of reducing the general loss ratio.

The idea of paying contingents was first advanced years ago and one of the strong companies of this city laid the foundation for its subsequent great prosperity through following the plan. At the time, however, it was not a member of any of the governing bodies, and hence was able to pursue an independent policy. When years later it became an organization office, its contingent contracts save in those excepted centers where the payment of contingents was permitted under governing rules were cancelled at expiration.

Col. Stoddard's Position

When Col. F. R. Stoddard was superintendent of the New York department a number of years ago, he felt that the payment of contingents was the proper method of compensating agents, and sought support of the idea from the fire managers. The latter, however, told the superintendent, that so far from decreasing the expense element in the fire business, the granting of contingents would have the contrary effect, nor, in all probability, would it result in reducing the general loss ratio.

Under present practice contingents are allowed in this city, the New York suburban field, and the excepted centers of Boston, Buffalo, Philadelphia, Pittsburgh and Baltimore. The western field allows contingents in a number of its big cities. Elsewhere throughout the country, however, flat or graded commissions rule and the payment of contingents is barred.

The National Underwriter

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CASUALTY AND SURETY SECTION

Page Twenty-three

Cornelius Views Casualty Problems

Explains Automobile and Compensation Situation to Insurance Counsel Association

DIFFICULTIES ARE MANY

Line Has Done Well Considering Magnitude of Tasks and Inadequate Previous Experience

The outstanding problems facing the casualty business were outlined by M. P. Cornelius, vice-president of the Continental Casualty, at the annual meeting of the International Association of Insurance Counsel.

Although casualty insurance is a relatively infant line, it has been called upon to provide protection against the various hazards incident to the tremendous social and economic developments of the past 25 years, said Mr. Cornelius. "When we stop to consider the magnitude of the problems with which casualty insurance has been confronted, and the entirely uncharted seas upon which it has ventured forth, it is surprising that it has done as well as it has."

Business Grows Rapidly

The principal trouble, Mr. Cornelius pointed out, has been through the phenomenally rapid growth of the automobile and compensation business. Casualty insurance was called upon to assume the hazards without the proper experience and data to guide rate makers. Even after the experience developed, the conditions changed so rapidly that the past was by no means an indication of the future. Many executives were inclined to take too optimistic a view and did not establish large enough reserves to take care of the incurred and unreported claims.

In the older fire and life lines, claims are usually without the complications which mark the casualty experience. A casualty company always has a certain number of claims which have not yet been reported and investigated, or on which not enough information is available so as to establish adequate reserves. To be on the safe side it has been demonstrated that at least 10 percent should be added to the known reserves as a safety factor to take care of the incurred or unreported claims.

Further Inadequacies

In addition to the estimation of reserves, the inadequacy of statistics and the increasing claim costs have tended to bring about further inadequacies, said Mr. Cornelius. Public officials are only just beginning to realize that the increasing losses necessitate setting up safety factors to take care of the problem of under reserves and increasing claim cost. Other difficulties have been encountered through the growing obsolescence of the measuring sticks which have been

Illinois Department Issues Automobile Questionnaire

SEEKING DATA AS TO FLEETS

Makes Inquiry as to the Profitable Classes and the Rating Methods Employed

The insurance department of Illinois has addressed all fire and casualty companies writing automobile insurance in the state requiring them to file with the office before Oct. 1 a questionnaire with reference to automobile fleets and unprofitable classes. The questionnaire is as follows:

1. What form of automobile insurance do you write in Illinois?
2. Has your experience for the five years ending Dec. 31, 1932, been generally profitable?
3. List below the unprofitable classes for the past five years.
4. Do you belong to a rating organization which prescribes or suggests rates and forms to be used? If so, what organization?
5. If you make your own rates independently of any organization, explain briefly the method employed.
6. Do you write fleets of automobiles under any preferred plan?
 - (a) If so, give full explanation of rating method and allocation of premium among the several states. (For example, if you write a fleet of say 100 cars for a concern with plants or headquarters both in New York and Illinois, which has approximately the same number of cars in each state and the premium is say \$1,000, what proportion thereof is allocated to Illinois, returns made to this department thereon and taxes paid in Illinois?)
 - (b) Must such fleets in every instance be of one ownership?

If not, explain fully the sort of fleets you write and for what sort of organization.
 - (c) State generally a comparison of experience on cars written on an individual basis and cars written on a fleet basis.
7. Are you writing fleets of automobiles all under one ownership where some cars are operated in states having anti-discriminatory rate laws and some located in Illinois? If so, what percentage of the premium is allocated to Illinois?
8. Are you writing groups of individually owned automobiles where some cars are domiciled in states having anti-discriminatory rate laws and some domiciled in Illinois?

If so, what percentage of the premium is allocated to Illinois?
9. Do you write automobile group insurance—(meaning thereby the issuance of a collective master policy with certificates or other declarations thereunder or individual policies)—under any preferred plan?

State generally a comparison of experience on cars written as a group and those written on an individual basis.

selected for the determination of casualty rates. This is particularly true in the automobile and compensation lines. Originally, rate makers, for example, regulated the rates by the size of the car, but now the lighter automobiles are driven at such tremendous speed that rates must be adjusted to take care of the increasing claim cost. However, such changes have been made so late

(CONTINUED ON LAST PAGE)

Yancey Is Again President of Insurance Counsel Body

ELECT NEW VICE-PRESIDENTS

Address on Jury Psychology Especially Well Received—Other Good Talks on Program

At the annual meeting of the International Association of Insurance Counsel in Chicago last week G. W. Yancey of Birmingham was reelected president. The vice-presidents are Allan E. Bro-Smith, Travelers; H. E. Knight, Sunbury, Pa.; E. K. Williams, Winnipeg; and A. G. Powell, Atlanta. John A. Millener of Rochester continues as secretary-treasurer. The new members of the executive committee are M. N. Crestman of Dallas and Walter R. Mayne, St. Louis. The holdover executive committee members are J. B. Weeks, Philadelphia; W. O. Reeder, St. Louis; J. G. McKay, Miami, and J. F. Ward, Columbus. The attendance was the largest ever recorded, with about 200 on hand.

This was the first meeting that the organization had held away from the International Claim Association. Heretofore both conventions met at the same time and place. It is likely hereafter that the International association will have its own convention apart from the International Claim Association and meet at a different time and place. The time and place for the next convention will be decided by the executive committee.

Legislative Work Reviewed

At the opening session the address of welcome was given by Ralph F. Potter of Chicago, chairman of the local convention committee, who emphasized the importance of the insurance business, giving some changes with particular reference to life insurance, and the response by W. R. Mayne of St. Louis. President Yancey in his annual address reviewed the history, growth and future of the association and outlined some of the activities of the past year. He spoke particularly of the work of the local legislative committees established in each state and said that these men, who are acquainted with their legislators, can do much more to head off unfavorable legislation than any representatives of company organizations. That point was also emphasized by H. J. Drake, counsel for the Association of Casualty & Surety Executives, whose report as chairman of the central legislative committee reviewed the measures brought up in the various legislatures this year affecting the casualty and surety business.

Jury Psychology Discussed

Ernest Woodward of Louisville, reporting as chairman of the committee on bar lists, gave the results of a questionnaire sent out to leading companies as to what lists they use in referring cases to attorneys in places where they have no direct representation. He said insurance attorneys are not getting their money's worth in some of the lists and directories to which they are asked to subscribe.

The report of Secretary Millener (CONTINUED ON PAGE 31)

Liability Manual Greatly Revised

Manufacturers' and Contractors' Coverage Is Brought Up to Date

PUT IN EFFECT AUGUST 28

National Casualty Bureau Also Makes Changes in Other Sections of Liability Manual

Revised rates, rules and classifications for manufacturers' and contractors' public liability were put in effect Aug. 28, country-wide, by the National Bureau of Casualty & Surety Underwriters.

The revision affects a large variety of risks, and is based upon the largest volume of experience ever compiled and used for a general revision of these coverages.

The experience covers a period of five years, total developed payroll exposure for the country being \$25,000,000,000, total incurred losses almost \$17,000,000, corresponding to approximately 40,500 claims.

The National Bureau also sent out manual sheets showing considerable revision in the general liability rules, and classifications, rules and rates in the owners', landlords' and tenants' section, elevator section, product section, residence, estate and farm and theater sections.

Many Risks Are Affected

The types of risks affected include manufacturing and contracting, mining, quarrying, vessels, stevedoring, trucking, public utilities, as well as many commercial, clerical and professional occupations. The rates were last revised in 1926, since which date developments in experience for the manual classifications have been such as to call for many changes; the present revision representing essentially a change in the relativity in rates for individual classifications.

Increase in the general rate level has not been necessary, save in a few states where previous levels, based on actual state experience, were found to be insufficient.

Some Changes Substantial

This revision produces material changes in rates for individual classifications, involving both increases and decreases. These are based upon actual developed classification experience where volume has been sufficient to justify basing rates on experience indications. In cases where increase has been made in the average level of rates for an entire state, the increases have been based upon developed experience of the respective state.

A change was made in minimum premiums for this coverage, the new scale varying from \$10 to \$22.50, depending upon rates applicable to the classification (CONTINUED ON PAGE 28)

Separate Classification for Accident and Health Needed

NOT REALLY CASUALTY LINE

Harold R. Gordon Tells Insurance Counsel How It Differs From Other Forms of Insurance So Classed

Health and accident insurance in reality should not be classed as casualty insurance and there is no logical reason for placing it in that general classification, H. R. Gordon, executive secretary Health & Accident Underwriters Conference, told the International Association of Insurance Counsel in his address on "The Need of a Separate Statutory Classification for Accident & Health Insurance." He said it is really more comparable to life insurance, in that it deals with the insuring of people, contrasted to the insuring of property or liability coverage. Accident insurance is the oldest of the forms now classed as casualty insurance and the present customary habit of classifying it is based solely on the fact that it was the original casualty line.

Differences Pointed Out

Pointing out the differences between personal accident insurance and the other casualty lines, which indicate the need of separate laws covering that form of insurance, Mr. Gordon declared that accident and health insurance is one of the most personalized forms of insurance—even more than life insurance. Because of the personal equation involved, the adjustment of accident and health claims presents different aspects than the settlement of property damage or liability claims, which should be taken into consideration in statutory enactments. He also called attention to the inadvisability of separating these two component parts—accident insurance and health (or sickness) insurance. Some laws have been passed which unintentionally have applied only to accident insurance, when the application should have been made to both accident insurance and health insurance.

Another distinguishing factor about accident and health is that no other line of insurance is sold by so many types of carriers. It is written by every kind of insurance carrier in the United States, even including London Lloyds—multiple line casualty companies, old line life companies, straight accident companies, mutual and assessment companies, fraternal, commercial traveling men's associations, sick benefit associations and reciprocals.

Standard Provisions Cited

The adoption of standard provisions for accident and health policies as a result of action taken by the National Convention of Insurance Commissioners in 1912 gives the contract an individuality by statutory enactment and Mr. Gordon suggested that if this idea could be established throughout insurance law as it applies to casualty coverage, it would materially help in the transaction of business. There are now 24 states that require the standard provisions to be included in all policies and in most of the other states they are permitted, although in two or three states certain modifications are necessary.

Mr. Gordon gave especial attention to the agents' qualification laws enacted in various states, which he declared in many cases discriminate unfairly against the accident and health agent. He is often erroneously classified as a casualty agent and consequently subject to the same examination requirements as the agent handling automobile, plate glass and other casualty coverages. The casualty agent often sells accident and health insurance along with other casualty lines, but the accident and health agent seldom writes any other line of insurance.

Another discriminatory feature pointed out is that in many states life companies

New York Bond Agency Is Now to Be Discontinued

PLAN HAS NOT WORKED WELL

Too Few Companies in the Pool to Give a Comprehensive and Satisfactory Service

NEW YORK, Aug. 30.—After an experience of something over three years the New York Bail Bonding Agency has been discontinued, its effects being removed from the quarters on Lafayette street to the general office of the American Surety here, where its affairs will be wound up. The record of the organization was not an unprofitable one, rather the reverse, but the company membership was so limited it was felt an agency of this character in order to be truly effective and afford that measure of aid to law enforcement public officers expected of it, should embrace a far larger number of surety institutions.

Whether the organization will be revived on broader lines later on is a question not yet decided. The agency was formed at the solicitation of Judge Albert Conway, then superintendent of insurance, to render a public service. Measurably this was done, though not to anything like the degree possible had a greater number of companies associated in the enterprise.

are exempt from qualification laws and therefore agents of life companies which write accident and health insurance are not required to take a qualifying examination or pay the usual fee, while accident and health companies, which are qualified as casualty companies, are required to qualify their first-time applicant with a written examination and a \$10 fee.

Mr. Gordon also questioned the value of mandatory written examinations for first-time agents' licenses for accident and health agents and favored instead a simpler agents' license law along the line of that in force in New York for some years, which applies to accident and health agents but not to any particular type of carrier.

He cited the special deposit requirements of some states which were imposed following failure of compensation

Rogers Joins Aetna Life; Ray S. Hills Is Advanced

NEW LINEUP IS ANNOUNCED

Massachusetts Bonding Divides Accident and Health Department—Separate Head for Industrial

Paul H. Rogers has resigned as assistant secretary in charge of the accident and health department of the Massachusetts Bonding to join the accident department of the Aetna Life as assistant to E. C. Bowen, secretary.

Mr. Rogers has been with the Massachusetts Bonding since 1919, joining that company in its claim department on his return from war service overseas, when the accident and health department was located at Saginaw, Mich. He is a graduate of the University of Michigan law school and had practiced law for a time in Detroit. He later became manager of the claim department and then assistant manager of the accident and health department, becoming manager of that department in May, 1928, following the retirement of John Patterson. He is now chairman of the Bureau of Personal Accident & Health Underwriters and a member of the executive committee of the Health & Accident Underwriters Conference.

The Massachusetts Bonding is dividing its accident and health department. Ray S. Hills will become manager of industrial health and accident lines, while Stephen McLaughlin will have charge of commercial health and accident along with burglary and plate glass. Mr. Hills has been 33 years in the health and accident business and joined the Massachusetts Bonding in 1914 in Saginaw when it took over the United States Health & Accident. He has been chairman of the manual committee of the Health & Accident Underwriters Conference for a number of years and was responsible for the preparation of its present classification manual. Mr. McLaughlin has been with the Massachusetts Bonding since 1920 and in charge of burglary and plate glass since 1924.

writing companies. Imposing such a handicap on the accident and health carriers would actually bar them from further operations in those states.

Insurance Men, Dry Goods Merchants on Coast Confer

PUBLIC LIABILITY PROBLEMS

California Agents Association Makes Seven Recommendations to Reduce Claim Expense

SAN FRANCISCO, Aug. 30.—At the request of San Francisco casualty company executives, representatives of the Casualty Insurance Association of California will succeed those from the Pacific Coast branch of the National Bureau of Casualty & Surety Underwriters in future conferences with the Retail Dry Goods Association of San Francisco on the problem of public liability insurance conditions. This was decided at the general meeting of committees from the bureau, Insurance Brokers Exchange of San Francisco, California Association of Insurance Agents, individual non-organization companies and mutuals, with the committee representing the retail dealers.

Cooperation Is Discussed

The matter of reducing claims cost and losses by mutual cooperation was the principal topic of discussion. It was decided that two members from each group would serve as a committee to study suggestions and prepare a standard code to be adopted by retail merchants. This will include resistance of claim payments on so-called "good-will" grounds and nuisance claims, thorough investigation of all claims and a campaign against ambulance chasers and fraudulent claimants.

One representative suggested that retail merchants organize a central claims bureau to forestall unmerited claims, discourage too liberal payments and modify "customer good will" settlements.

The California association committee presented seven suggestions for conduct of agents in handling retail store business. These suggestions, which are to be recommended to all members of the association, are:

That agents oppose excessive claims and those where no liability exists. That agents educate their assureds to the realization that cost of public liability insurance is reflected by claim payments. That disseminating of publicity stressing large claim payments or setting forth the amount sued for is in a sense a boomerang, and be discouraged.

Other Recommendations

That agents point out to influential merchants and property owners that cooperation of newspapers in not playing up personal injury suits is essential. That agents handling public liability for retail establishments or others where there is claim frequency act as research intermediaries on experience data and furnish clients periodical reports of claims paid or reserved by the insurance company and causes of accidents. That agents encourage companies to resist payment of groundless or exorbitant claims. That, where the organization of internal safety committees is justifiable, such a committee should be suggested by the agent to his client, and the agent arrange for regular meetings to consider practical safety measures.

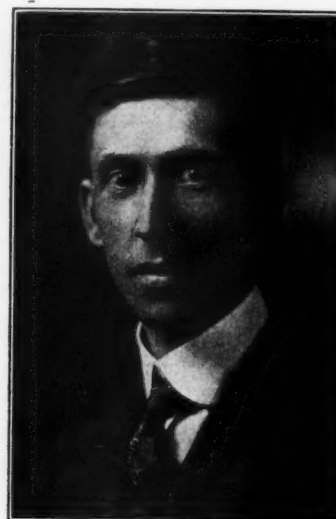
Ruling on Bus Coverage

COLUMBUS, O., Aug. 30.—The attorney general has advised the Ohio department that the recently enacted legislation which permits boards of education to take out insurance on school buses does not create any liability on the part of boards of education for accidents resulting from the negligence of such boards in the transportation of school children under their authority. The attorney general says that the law contemplates what is "commonly known as accident insurance as well as liability insurance."

Take New Accident-Health Posts



P. H. ROGERS



R. S. HILLS

P. H. Rogers has resigned as assistant secretary in charge of the accident and health department of the Massachusetts Bonding to join the accident department of the Aetna Life. R. S. Hills becomes manager of the industrial accident and health division of the Massachusetts Bonding under a reorganization of departments there.

Important Points in Settling Cases

Denmead Reviews Procedure
Field Attorneys and Adjusters
Should Follow

TALKS AT CHICAGO MEET

Exhaustive Investigation Important in
Defending Surety Cases—Full Facts
Needed in Fidelity Claim

An exhaustive discussion of the relation of the trial attorney and the field adjuster to the general counsel and the home office was presented by G. W. Denmead, vice-president and general attorney of the New Amsterdam Casualty at the annual meeting of the International Association of Insurance Counsel. He outlined the outstanding points as well as the fundamental procedure expected of the trial attorney and adjuster in settlement of the various casualty and surety claims.

In a casualty case the attorney should report special prejudices of a particular locality against the assured such as public sentiment that the assured or his agents have caused many accidents. The local attorney should present some compromise or settlement figure and make a frank recommendation regarding it to the home office.

Mr. Denmead said it was essential to investigate the case while it was awaiting trial and check up on the witnesses who have left the vicinity and from whom depositions must be secured.

Depends Upon Investigation

In defending surety cases, the defense depends entirely upon the investigation developed and the investigation should be made primarily with a view of developing the defense. The trial attorney should also remember that salvage is a primary consideration, and any loss a surety may be compelled to pay, theoretically at least, is recoverable from the principal.

In investigating fidelity claims, the dates of the alleged defalcations should be carefully checked, said Mr. Denmead, and care should be taken to see that entries of the alleged defalcations on the book are not bookkeeping entries only, and simply cover up a loss or deficit which occurred some time in the past and were concealed by manipulation of books. This is of especial importance because most bonds contain a clause giving the obligee the right to discover loss from one to three years after cancellation of the bond. The company that is on the bond at the time the loss is discovered may not be responsible for the loss if it occurred prior to the date of the bond.

Is Loss Cash or Merchandise?

Another point to be considered in fidelity claims is whether or not the loss itself is actually a loss of money stolen or based upon a claim for merchandise alleged to be unaccounted for which the principals are responsible. This stock shortage, as it is termed, is not necessarily covered by the ordinary fidelity bond.

In connection with fidelity losses, said Mr. Denmead, often the principal will admit his guilt but will claim the amount taken by him was nothing like as much as alleged by the obligee. This usually involves negotiations to see if a reasonable figure can be reached in settlement. There is little use in attempting to fight a claim of this kind.

In settling claims on judicial bonds there is little that can be done by a

Big Factor



JOHN A. MILLENER, Rochester, N. Y.

John A. Millener, secretary-treasurer of the International Association of Insurance Counsel, which held its annual meeting in Chicago last week, is the father of the organization. He was president of the International Claim Association in 1922 and has been active in the organization for many years. In 1920 he organized the International Association of Insurance Counsel, starting with 16 members. He has done much hard work and has now brought the membership up to a very satisfactory state. He engages in general law practice in Rochester and is general counsel of the Columbian Protective of Binghamton, N. Y.

claim attorney except to investigate the alleged facts leading up to the shortage. The law in connection with the liability under bonds of this character is rather well settled and as a rule the surety has little chance of defeating liability where a fiduciary has misused the funds of an estate, said Mr. Denmead. Probate courts are usually courts of limited jurisdiction, and while a principal may secure orders of court to do or not to do a certain thing in connection with estates, this does not necessarily absolve the principal or the surety. In cases where orders of the court of this kind have been passed, and a loss suffered, the principal and the surety on his bond have been held liable.

Mr. Denmead warned that the supreme court of North Carolina is not especially favorable to sureties, as it recently handed down an opinion against the decisions of other state courts.

Many Pitfalls

In settling contract bond claims the subject is so intricate and complicated it is impossible to safeguard against all the pitfalls. The average surety claim department has learned by bitter experience that wherever it can be avoided the surety should not take over the completion of a job. In rare cases when it does take over and complete a job it is very seldom able to hold expenses within the estimated cost. In the first place the surety company has not as a rule a trained staff of engineers or contractors and would have to organize more or less of a scrub force to finish the work. Mr. Denmead pointed out several examples where it would have been cheaper for the surety to surrender the penalty on its bond and let the government wrestle with the problem of completing the job. Where default has occurred, said Mr. Denmead, it is often desirable to attempt to sublet the completion of the

Novel Surety Bond Devised for Truck Cargo Insurance

MADE PAYABLE TO TRUSTEE

Plan Calls for Guarantee Truckmen
Will Maintain Coverage, Penalty,
Notice to Shipper

Great interest has been manifested by agents and brokers in some form of surety bond to fill the need in general business created by the prohibition of the shipper's endorsement on truckmen's cargo policies put in effect recently by the Inland Marine Underwriters Association of New York.

Many producers have attempted to secure such bonds, and some have been sold in the last month or so patterned after bonds required of truckmen for several years by such concerns as the Ford Motor Company and great tire companies.

A middle western general agent who specializes in truck insurance has originated a bond which he believes completely meets the situation, and which, he says, is a simple arrangement which should be more attractive to shippers than shipper's primary or excess cargo coverage.

Trustee Is Designated

The plan calls for the truckman to secure the bond, a task difficult to accomplish at this time by any except the most reputable and financially responsible trucking concerns. A vital point of the plan is the designation of a trustee, usually a trust company as obligee under the bond, and the execution of a trust agreement. The trustee acts for the interests of shippers named and agrees to receive and turn over to them any indemnity paid.

The surety bond is designed to accomplish two things. First it guarantees that the truckman will maintain his insurance in force according to the contract, with the provision that if he does not do so the surety company will pay any losses on cargo sustained by the shipper. Secondly, the bond guarantees that the shipper will be given ten days' notice of termination of the truckman's policy. There is no provision for notice of changes in provisions of the contract as was done in the shipper's endorsement in the truckmen's policy.

The general agent who drew up the contract believes there is no possibility of a surety company sustaining any losses under such a bond for it has complete control of the situation. In case it cancels its bond, it must give the shipper ten days' notice which gives the shipper time to take steps to cover himself by bringing pressure to bear on the truckman or by taking primary shipper's cargo coverage.

Notice Provision Important

The most important part of the bond is the provision for notice, as this is the accommodation cut out of the truckman's cargo policy.

A number of these bonds already have been sold and appear to be functioning perfectly. In practice the general agent makes mimeographed copies of the bond for which he charges the shipper 50 cents each. Any additional notices of policy cancellation are given for this nominal fee, which the general agent states is amply sufficient to cover the slight clerical cost. The 50 cent fee is treated as premium due the surety company and the general agent takes his regular commission on this sum.

contract to another contractor for a lump sum.

In handling all defaulted contracts, it is absolutely necessary to see that if a job is defaulted it is in strict accordance with the provisions of the contract itself.

Gives Viewpoint of Trial Lawyer

R. M. Knepper Recommends In-
vestigation Be Conducted from
Attorney's Office

MAKES CHICAGO SPEECH

Columbus Man, in Talk Before Insur-
ance Counsel, Complains of Home
Office Dictation in Trials

R. M. Knepper of the law firm of Knepper, White, Smith & Dempsey of Columbus, O., in addressing the annual meeting of the International Association of Insurance Counsel at Chicago, cited procedure by which the home office can aid the trial lawyer. He contended that more money is saved at trial tables than in any other phase of insurance operations and that the companies will be generously benefited by correcting the faults he mentioned.

Honest and efficient service in the investigation reports was urged instead of the stupid work of unfit investigators that is some times received. The aid of intelligent examiners should be supplied who readily know their work and the result of whose labors reflects knowledge instead of ignorance. Proper filing systems should be kept so that the necessary records and papers may be readily obtainable. The right of the trial lawyer should be recognized to control without unnecessary interference in the case that has been turned over to him. There should be effective assistance in keeping the fact of insurance out of lawsuits by making the trial lawyer's office, whenever possible, a part of the investigation and servicing system. There should be proper treatment of the trial lawyer on the question of his fees which will recognize and accord him his proper professional position in the insurance business.

Job of the Investigator

Mr. Knepper expressed the belief that far more cases are lost because the investigator in his report misquoted or misinterpreted the story of a witness, than from all other causes combined. The initial investigation should be thorough, intelligent and without bias, he said. Nothing in the file should ignore intentionally or unintentionally any of the material facts on which the trial lawyer must predicate his defense. The investigator must be able to sense what evidence is desired, be able to locate it and be able to draw it from the witnesses and faithfully to record the witnesses' stories and the surrounding circumstances. Some investigators are ignorant, not knowing what to look for and what to report. Frequently statutes have been overlooked, decisions of courts of last resort have been entirely forgotten and elementary principles of law are found to have been misconstrued and misinterpreted.

The trial lawyer is discouraged by dictation of the theory of the case and the law to be applied by persons in the home office who are unfamiliar with the circumstances. This does not occur when the legal department is headed by a lawyer who has had trial experience, but it does happen in the home office where a favorite relative, particular friend, or someone who has failed elsewhere is in charge of claims or suit files.

The home office places the trial lawyer in an indefensible position when it fails to make and keep proper records.

(CONTINUED ON PAGE 28)

Asks Cooperation on Legislation

Drake Explains Difficulties Faced by Companies in Law Making

TALKS AT COUNSEL MEET

Demands Legislation to Curb London Lloyds, Which Take \$100,000,000 Per Year—Calls Them Smugglers

The handling of legislation activities was discussed by H. J. Drake, attorney of the Association of Casualty & Surety Executives, at the International Association of Insurance Counsel's convention.

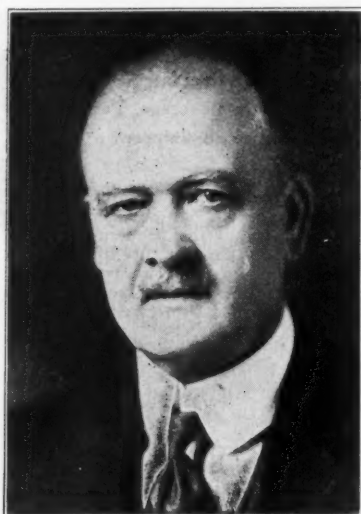
Attacks London Lloyds

"There is one piece of constructive legislation which is of supreme importance and should demand the active support of every member of this association. I refer to legislation to eliminate the unwarranted competition of London Lloyds. Perhaps few of you realize to what proportions this competition has grown and how serious it is, particularly to the surety companies. It is estimated that at least \$100,000,000 annually in direct premiums are paid to London Lloyds by resident individuals or corporations of the United States, principally for bankers' blanket bonds and fidelity bonds. London Lloyds—which does business clandestinely in most of the states, yet has no property here and employs none of our citizens regularly—pays no tax whatever. If our companies received this tremendous income now paid to this alien insurer, they would not only pay taxes on such income, but would also furnish employment to thousands more of our citizens throughout the country. This unlicensed and unregulated alien insurer sends its representatives here, and many of our loyal and patriotic bankers, brokers, and merchants buy insurance from them although they are virtually smugglers who bring in satchels full of policies and go back with satchels full of money; and are also violators of state insurance laws. Partly because of its system of doing business and partly because there is no protective tariff on insurance policies, London Lloyds can undersell our companies—as could every European manufacturer if he could sell his goods here without the intervention of a protective tariff. It is an intolerable situation which must be corrected in some way by our legislatures. The solution is difficult, because of the constitutional questions involved; and because of the forces set up, but we are working on legislation which we hope will accomplish this reasonable purpose."

Cooperation Is Logical

Mr. Drake said it was logical that the Association of Casualty & Surety Executives and the International Association of Insurance Counsel should cooperate to check harmful legislation. Much legislation results in litigation over claims against companies or their policyholders, and any effort to enact new laws or amend existing laws to overcome these decisions must be of particular interest to the attorneys in the field. Legislators who are required to consider insurance legislation are not generally familiar with insurance problems. They need to be fully advised of the purpose and effect of such legislation. Attorneys in the field who are most familiar with insurance decisions are in the best position to direct legislators in the right action. Attorneys who represent the companies are interested in

Gold Braid



ALFRED E. FORREST

A. E. Forrest of Chicago, president of the North American Accident, has been commissioned a colonel on the staff of Governor R. H. Gore of Puerto Rico. Governor Gore is head of the agency of R. H. Gore & Co. of Chicago, whose office is adjacent to that of the North American Accident. He has a general agency of the North American Accident and represents it for newspaper accident policies throughout the entire country. Therefore Governor Gore and Col. Forrest are close personal friends.

their welfare, and drastic legislation is of concern to them.

The Association of Casualty & Surety Executives is not opposed to reasonable laws for regulation and supervision; in fact, it encourages it, declared Mr. Drake. "We believe strongly in laws requiring proper financial requirements for the organization of companies. We believe in limiting by law the amount of liability such companies may assume on any one risk."

The imposing of increased liability on policyholders has been opposed. Legislators often mistakenly argue in regard to such measures that all the insurance companies need to do is to increase their premiums to meet the added liability. Unfortunately the companies are not permitted to charge rates commensurate with the loss experience under existing laws. Furthermore, even if the rates increased automatically with the increasing liability, sales resistance would develop and leave many uninsured who are now protecting themselves and their property.

"For these reasons," said Mr. Drake, "we have believed it advisable in the interest of the public to oppose unlimited occupational disease legislation, compulsory automobile insurance in any form, legislation giving practically unlimited coverage to laborers and materialmen under the contractor's bond, so that anyone may sell anything to a contractor under the protection of a bond without regard to the financial standing of the contractor, and other similar measures. Increased liability of the insured in all these cases, and many others, means increased liability to the companies under their bonds and policies, which added hazard companies can no longer look upon with indifference because of the constantly increasing difficulty of being permitted to charge adequate rates, or being permitted to do so only after prolonged and expensive litigation. Unfortunately, those who demand added protection are not those who must pay for it, and those who must pay for it usually are not as numerous as those who demand it, nor so well organized."

Companies Looked on as Inexhaustible Tax Source

LAWMAKERS' MISCONCEPTION

Vice-President Naught of American Surety Addresses International Insurance Counsel

Burdensome taxation, retaliatory and penalizing laws are unduly discouraging to the companies today, Vice-President G. L. Naught, general counsel American Surety, said in his address before the convention of the International Association of Insurance Counsel in Chicago. His subject was "Insurance Law and Its Makers."

He said it almost seemed that instead of considering the great public good done by insurance companies, many law makers are still disposed to look on them as a source from which something can be continually extracted without anything being yielded in return. He said there still seems to exist a surprising misconception of the principles of insurance in the minds of legislators, jurors and members of the bench and bar, all of which is creating a burden that is borne by the honest premium payer.

Policyholders Paying Bill

The general conception of an insurance company is something possessing an inexhaustible fund and few seem to consider that the funds are made available by the rank and file of policyholders paying premiums.

Mr. Naught cited a number of laws which gave point to his criticism. He asked if there was anything fair in a law prescribing for an award to an attorney who begins suit for his client against an insurance company without previously stating a claim, and demanding payment from a company which has no knowledge of the claim. Another inequitable law cited was one prescribing penalty against a company defending in good faith but without success against a claim believed by it to be unjust. Again he cited a law which holds honest and prudent public officials to be insurers of public funds collected and deposited temporarily in well known banks doing business with sanction of banking departments but which banks suddenly fail with these funds still on deposit.

He asked if one can respect a law which upon qualification of a fiduciary of a decedent's estate by the filing of a surety bond, makes that bond automatically liable for payment of a debt owed by the fiduciary to the decedent before he died. Another is a law denying the right to surety on the bonds of fiduciaries to exercise joint supervision over assets of estates in order to prevent their waste.

Promiscuous taxation of insurance companies now in vogue in cities and towns in many states was also criticized. He said in many instances the only evidence of operations by the company is the sign of an agent who may have turned in no premiums at all to the company.

He asked if it would not be fair to call for repeal of laws prohibiting companies from qualifying and conducting business in certain states until they de-

Tragedy Stalked Over Legal Men's Convention

John H. Schultz, well known attorney in Cleveland, who was a member of the legal firm of Garfield, Cross, McGregor, Daust & Baldwin, of that city, attended the meeting of the International Association of Insurance Counsel in Chicago last week with his wife and young son, 7 years old. They were on a speed boat running from the World Fair to the Michigan avenue bridge in Chicago. This boat collided with a cabin cruiser. In the tragic accident Mr. Schultz, his wife and son were thrown out of the speed boat and not being able to swim all were drowned. It was two days before Mr. Schultz' body and that of his son were recovered. He was wearing the badge of the convention. He was 41 years of age. He was a graduate of Ohio Wesleyan and took his law course at Western Reserve. He had been practicing since 1918. The head of his firm is James R. Garfield, son of former President Garfield, who served as Secretary of the Interior under President Theodore Roosevelt. Mrs. Schultz' body was recovered the night of the accident and was identified just before the other bodies were caught with grappling hooks and brought to shore Sunday.

Vice-President Billings Leaving Fidelity & Casualty

NEW YORK, Aug. 30.—W. C. Billings, for some years past vice-president of the Fidelity & Casualty in charge of its casualty department, has resigned. While his future plans have not been announced, the assumption is he will make another casualty connection, as he is especially familiar with that line. Mr. Billings gained his early underwriting training with the Travelers, serving in its New York City branch for a number of years before being called to the head office of the Union Indemnity of New Orleans. Subsequently he was vice-president and casualty head of the New York Indemnity, leaving its service to join the staff of the Fidelity & Casualty in 1929.

posit funds or file qualifying bonds of other companies, and also repeal of laws providing that casualty companies be made codefendants in accident suits against their assureds.

He asked if there is not reason for relief to insurance companies from forced commissions through local counter-signature and other clerical requirements giving no greater validity to bonds and policies, but only increasing the cost of the company's operation and the cost to the insuring public.

Columbia Casualty at Portland

The J. McI. Wood-West agency of Portland, Ore., has secured the general agency of the Columbia Casualty, there being no change in its running mate, the Ocean Accident, as Gerlinger, Richards & Co. have been general agents of that company in Portland since 1914.

Casualty Figures for June 30

(As Reported to the Georgia Insurance Department)

Company	Capital	Assets	Surplus	Six Mos. Income	Six Mos. Disburse.
American Bonding	\$ 1,000,000	\$ 1,707,599	\$ 412,291	\$ 226,189	\$ 176,991
Century Indemnity.....	800,000	6,996,254	662,132	3,238,410	2,716,917
Commercial Cas.	1,000,000	11,767,509	1,308,783	5,844,881	5,337,268
Fidelity & Casualty.....	2,250,000	38,167,624	4,331,357	16,606,914	12,928,504
Fidelity & Deposit.....	2,400,000	18,876,284	1,766,321	6,373,928	6,775,156
Glens Falls Indemnity..	1,000,000	8,354,106	600,000	3,446,947	3,407,864
Great American Indem.	750,000	10,775,460	2,219,399	3,677,027	3,332,652
Indemnity of N. A.....	1,000,000	20,202,599	2,475,631	10,989,639	5,954,523
Metropolitan Cas.	1,000,000	11,068,115	1,885,975	5,064,672	5,431,542
Phoenix Indemnity.....	500,000	5,370,853	900,756	1,849,226	1,484,410
Travelers Indemnity....	3,000,000	20,830,977	4,746,734	5,612,154	4,896,359
Western Casualty, Kan.	750,000	2,891,702	252,185	1,080,199	1,103,199

Accident-Health Field News

Arranges for Group Coverage

National Casualty Prepares Form for Some of the Federal Department Employees

The U. S. Treasury Department Beneficial Association has negotiated with the National Casualty of Detroit for group accident and health insurance, Long & Curry being general agents in the Barr building in Washington, D. C. The plan provides for indemnity for disability from illness or accident ranging from \$10 to \$50 a week. The amount of the weekly indemnity cannot exceed 80 percent of an employee's salary. The insurance provides up to \$50 for hospital, nurse and operation fees. Injured away from friends or home it pays \$100 to put the policyholder in touch with friends or relatives. It pays for nondisabling injury the amount expended not to exceed one week's indemnity.

The National Casualty writes similar group insurance for the United States Departments of Agriculture, Commerce, Justice and Veterans Administration Beneficial Associations. Men and women are equally eligible.

Changes in Official Personnel

The North American Life & Casualty of Minneapolis, operating in Minnesota, North Dakota, South Dakota and Wisconsin, has undergone a change in officials. C. G. Hoigaard, who has been a director and treasurer, becomes chairman of the board. H. P. Skoglund has been elected president to succeed T. O. Berge. Bert Odell is vice-president and agency director. He has been vice-president. J. A. Jorgenson, who has been vice-president, retains that title. F. J. Huch, who has been actuary, is elected also assistant treasurer. P. G. Erickson continues as secretary. Dr. O. H. Peterson is medical director and treasurer. All these officials are directors and the others are Dr. A. M. Aanes, N. P. Benson, S. O. Simonson and C. C. Thronson.

Hospital Cover Is Insurance

OKLAHOMA CITY, Aug. 30.—Firms which charge premiums for hospital and medical service come under the Oklahoma insurance laws and are under the jurisdiction of the insurance commissioner, Attorney General King holds. The opinion was asked by Commissioner Read in connection with the recently organized Mutual Surgical Hospital Association of Oklahoma City. Mr. Read says several such firms have been operating here and in Tulsa.

Woodmen Accident Agency Meet

At an agency meeting of the Woodmen Accident in Lincoln several hundred specially written applications were presented to A. E. Faulkner, president, in honor of the occasion. Talks were given by the president, R. W. Faulkner, vice-president; C. E. Spangler, secretary; R. L. Spangler, assistant secretary, and M. E. Lindberg, auditor.

Mahon Joins Payne Agency

J. C. K. Mahon, for the past four years accident and health supervisor in Philadelphia for the Alliance Casualty, has gone with W. G. Payne, general agent and district manager of the National Casualty of Detroit and will act as field supervisor for the Philadelphia and suburban territory.

Liable for Sports Death

Death from traumatic pneumonia, caused by collision with an opponent in

a basketball game, is death caused by accidental means under the double indemnity benefit of a life policy, the North Carolina supreme court has decided in Harris, Admr., vs. Jefferson Standard Life. Although collisions with opponents could have been foreseen, the court stated, and the game was voluntarily engaged in, no such injury as was suffered by the assured was probable or foreseeable, and, since the death was through accidental means, the distinction, noted by some jurisdictions between accidental death and death by accidental means, is inapplicable.

Expect Heavy Glass Loss

NEW YORK, Aug. 30.—Though final reports are lacking at this time, companies anticipate a heavy plate glass loss as a result of the severe windstorm that swept the Atlantic coast from Norfolk Va., north several days last week, and then traveled inland across Pennsylvania and on to the Great Lakes region. Recently the companies have suffered severely because of the activity of racketeers in Manhattan and Brooklyn boroughs. Large plates in Wanamaker, Altman, Lozier and other department stores were perforated by slugs shot from air guns for the evident purpose of forcing replacement and affording work for unemployed glaziers. Lights of the type destroyed cost from \$500 to \$700 each.

Casualty Field Changes

E. D. Loring Chicago Head for American Automobile

E. D. Loring has been appointed manager of the Chicago branch of the American Automobile, succeeding C. M. Kinney, who has resigned to open an agency of his own. Mr. Loring heretofore has been assistant to Mr. Kinney. He has had many years' experience in the business, having previously been located in Kansas City, Detroit and other cities, as well as having been assistant to Mr. Kinney.

Stevenson Louisville Manager

E. L. Stevenson, who has been appointed resident manager at Louisville for the Fidelity & Casualty, in succession to the late C. L. Nelson, has been associated with the company for the past ten years, having joined its service as a special agent in Detroit under the management of Manager H. V. Upington in October, 1923. Subsequently he was appointed manager at Indianapolis,

so serving until 12 months ago when he was transferred to the Louisville office as associate manager.

Panella Goes to San Francisco

Anthony Panella, for the past two years in charge of the home office surety department for the General Casualty of Seattle, has been transferred to San Francisco, where he will develop fidelity and surety lines in California. He is in the city where he commenced his surety career several years ago with the American Surety. Before joining the General Casualty of Seattle he was with the Commercial Casualty in its northern California branch office. He is a graduate of Stanford University.

Herbert Huch Is Appointed

Herbert Huch has been appointed assistant to Peter S. Pedersen, bond manager for the Commercial Casualty and Metropolitan Casualty in the Chicago branch. He succeeds J. A. Lemon, who joined the Maryland Casualty in Chicago. Mr. Huch started at the home office of the Continental Casualty and then was assigned to the bond department of the Security General Agency of Milwaukee, which represented the Continental Casualty. Since resigning from the Continental Casualty, Mr. Huch has been conducting a brokerage business.

The "London Guarantee" Offers

Dependability

For sixty-four years the "LONDON GUARANTEE" has fulfilled every obligation to its agents and policyholders—whether for protection or service.

Security

No business crisis, past or present, has affected the strong financial structure of this world-wide institution.

Established in 1869, the
"London Guarantee"
is one of the oldest
and strongest casualty
companies in the world.

London Guarantee & Accident Company, Ltd.
J. M. HAINES, U. S. Manager
55 FIFTH AVENUE, NEW YORK, N. Y.



The Sign of Good Casualty Insurance



THE OHIO CASUALTY INSURANCE CO.

Home Office Hamilton, Ohio
 Automobile Accident Full Coverage Automobile
 Burglary Liability Plate Glass
 Fidelity and Surety Bonds

Income Insurance Specialists

Opportunities for Salesmen in Forty-Eight States

North American Accident Insurance Co.

209 South La Salle Street, CHICAGO

New Amsterdam
 Casualty Company

A Progressive Surety and Casualty Company

Do your fellow agent a good turn—get him acquainted with
 The National Underwriter, the real insurance newspaper.

Liability Manual Greatly Revised

(CONTINUED FROM PAGE 23)

tions covered by the policy for the individual risk. There are 6 minimum premiums corresponding to certain rate groups. The new standard minimum premiums for manual rates (standard limits) are: from 2 to 10 cents, \$10 each for P. L. and P. D.; rates 11 to 50 cents, \$12.50 each; rates 51 cents to \$1.50, \$15 each; rates \$1.51 to \$3, \$17.50 each; rates \$3.01 to \$5, \$20 each, and rates \$5.01 and over, \$22.50 each.

Changes in Territories

Changes were made in territories, there formerly having been seven but now virtually eight. Delaware and Pennsylvania formerly were listed among "other states" but now are given separate rate pages.

Product and O. L. & T. classifications subject to premium adjustments and audits, have been added to the exceptions, which means that if a three year policy is written to cover any of these classifications, the 10 percent reduction applicable to other lines of insurance does not apply.

Definite rates are now provided to add the interest of a municipality in connection with advertising signs owned by others on policies covering the owner or lessee of such signs, so the city's interest now may be covered under a separate policy issued at manual rates for advertising signs. Heretofore coverage on theaters, halls or auditoriums used for theatricals, concerts or motion pictures was written on a per seat basis for owner or lessee operating such theaters, with landlord's protective endorsement, but in future must be written on an O. L. & T. policy using the classification provided, with the endorsement attached if applicable.

Optional Coverage Extended

Optional coverage for personal liability has been extended to provide for adult members of an assured's household living there regularly, with additional charges for this coverage.

One of the most important changes is in the classification "private residences," one and two family dwellings being separated and new definitions given. Formerly there was a \$5 annual rate for the first dwelling and \$2.50 each for other buildings. These rates now apply to a one family residence, but for two family dwellings the rate is \$7.50 for one and \$5 each for additional.

Other changes have been made in the classifications: Swimming pools in connection with hotels, apartment hotels, Y. M. C. A. and Y. W. C. A. institutions; convention buildings operated by assured; colleges and schools; gasoline or oil supply stations, retail, operated by persons other than assured (owners risks only); personal liability of members of faculties and teaching staffs of colleges and schools; shooting galleries; public streets and sidewalks, for municipal risks only; toll bridges, apartment hotels, department stores, dry goods stores, Y. M. C. A. and Y. W. C. A. institutions; product liability; private garages and stables; apartments, tenements, boarding or rooming houses—New Jersey.

A definite rule is now given providing that private residences, two family dwellings, private estates and farms in which not more than two roomers or boarders reside, may be so defined for rating purposes, but the presence of three or more roomers or boarders requires classification of premises as apartments, tenements, boarding or rooming houses. The rule regarding scope of coverage of employers liability has been more clearly defined to indicate the intent that the coverage should not be applied to commercial undertakings.

The manufacturers' and contractors' exceptions pages have been completely reprinted because of many changes in connection with minimum premiums and additional exceptions.

Gives Viewpoint of Trial Lawyer

(CONTINUED FROM PAGE 25)

Policy forms are sometimes changed with no complete records kept. Policies are returned to the home office or destroyed when they are needed as evidence. Drafts, receipts and releases are permitted to be scattered and many times are lost. Original correspondence and original statements are shifted from branch to home offices in such manner that their genuineness cannot be proved except by calling in professional handwriting experts.

Another of the trial lawyer's troubles is the way in which the question of insurance is brought into the case. Companies, he said, instruct their agents to get on the ground immediately after an accident in order to get first hand information. Then a representative from the branch or home office appears. Correspondence is conducted on the company's letterhead and original statements of witnesses are stamped with the home office insignia. The company assumes full charge until the time the suit is brought and then expects the trial lawyer to keep the question of insurance out of the case and away from the jury.

The question of insurance is not brought in when the investigation is made from the trial lawyer's office, he said. These offices, however, he said, are often much better equipped to handle cases because of knowledge of local conditions, surroundings, knowledge of the law and those things which make for the benefit of the company at the end of the lawsuit.

Mr. Knepper devoted considerable attention to the question of fees. He cited the canons of ethics of the American Bar Association on the question and explained the various factors which govern the amount of the fee.

DON'T

*experiment with
 automobile insurance
 this year.*

IT doesn't pay to take chances on automobile insurance. The test comes when a claim arises. Then it is reassuring to know the policy is with the Belt Casualty, a stock company, that pays just claims promptly.

Automobile insurance in the Belt Casualty relieves both agent and policyholder of worry—a sales point these days.

Ask about the careful training and instructions given our agents and you too will understand the value of including the Belt Casualty in your agency.

BELT CASUALTY COMPANY

Home Office
 29 South La Salle Street
 CHICAGO

Injured Dole Worker Not Entitled to Compensation

PROTECTS MUNICIPALITIES

Michigan Supreme Court Holds Relationship Is Not One of Master and Servant

LANSING, MICH., Aug. 30.—The Michigan supreme court held in a majority opinion written by Justice Wiest that municipalities are not liable to pay workmen's compensation to injured dole laborers impressed into service of the city to keep them from complete idleness. The issue was sharply divided in the case appealed by the city of Grand Rapids after the compensation board of the department of labor and industry had awarded compensation to one August Vaivida. Four other justices signed Justice Wiest's opinion while two supported Justice Fead's opinion holding the award should be upheld.

Circumstances of Case

Vaivida, who was being paid in scrip at a rate of \$7.20 weekly, when he was injured in a city park had been regularly employed for about a year although his family had been on the welfare list for upwards of two years. Justice Fead's minority opinion held that since there was no legal basis for requiring labor of dole recipients, the plan was voluntary and there must have been an employer-employee relationship existing, making Vaivida entitled to compensation. Lack of legal precedents was mentioned although British decisions were cited holding charity labor, exempt from the contractual relationship, to narrow limits.

Justice Wiest's Contention

Justice Wiest, however, declared the award should be vacated since the compensation law itself had no common law backing and was designed originally to make "industry assume the liability as a part of the cost of production."

It is cited that municipalities have the right to the services and earnings of paupers. Such persons are not in employ under the relationship of master and servant for such relationship is neither contemplated nor does it in fact arise. Citizens needing aid are in a sense wards of a municipality.

Michigan Commission Ruling Boosts Compensation Costs

LANSING, MICH., Aug. 30.—The compensation commission, in construing the compensation law provision for a \$200 payment by the employer to defray the cost of the last sickness and funeral in industrial accident cases involving fatal injuries, holds that the legislature intended to provide this \$200 "in addition" to hospital and medical expenses for the first 90 days following a compensable accident. It has been the custom to deduct payments already made under the 90-day provision from the \$200 allowed for last sickness and funeral where death resulted within 90 days.

The new interpretation, while not retroactive, will greatly increase the average cost in future fatal accident cases, as the situation prevails in almost every case where death is not instantaneous.

Policy Paid Into Court

The National Life, U. S. A., has paid \$25,000, the proceeds of a policy on the life of the late W. L. Taylor, former president of the defunct Federal Surety, into the federal court at Davenport, Ia., and has asked relief from further liability. Both Commissioner Clark of Iowa, liquidator of the Federal Surety, and Mrs. Taylor are seeking possession of the \$25,000.

NEWS OF THE COMPANIES

Capital, Surplus to \$1,000,000

Angelus Indemnity Company Announces Increase—Makes Several Home Office Appointments

The Angelus Indemnity of Los Angeles recently organized, announces increase of capital and surplus to a total of \$1,000,000, consisting of paid in capital \$500,000 and surplus \$500,000.

F. V. Weede has been appointed vice-president and superintendent of agents. He was with the National Surety in San Francisco from 1921 to 1927 as superintendent of the contract department and recently has been connected with the Pacific Indemnity at Los Angeles in its court bond department.

Charles Trumbull has been made assistant vice-president in charge of the casualty department. He was with the Aetna affiliated companies for five years, subsequently going with Swett & Crawford as assistant manager in Los Angeles.

Other recent appointments include D.

G. Chessman, assistant vice-president in charge of special agents, and H. D. Winebrenner, manager of the fidelity and surety department. Mr. Winebrenner formerly was with the New Amsterdam Casualty.

Maryland Casualty Figures

In presenting the mid-year figures of the Maryland Casualty, as reported to the Georgia department, a notation was made that the surplus figures were not reported. This gave the wrong impression. For some reason that figure was not available to THE NATIONAL UNDERWRITER last week, but the Maryland Casualty did make a complete report to the Georgia department. It showed net surplus of \$2,201,760 plus a contingency reserve of \$1,000,000.

Assessment for Builders Mutual

MADISON, WIS., Aug. 30.—An order to show cause why policyholders of the Builders Mutual Casualty of Madison should not be assessed to pay out-

standing claims and expenses of liquidation has been issued by the circuit court here on petition of Commissioner Mortensen. The company was in voluntary liquidation from Jan. 1 to Aug. 5, when it was taken over by the commissioner.

American States' Figures

The American States of Indianapolis has issued its semi-annual statement showing assets \$931,552, of which \$440,693 are government bonds, \$27,733 state and municipal, \$131,154 public utility, \$29,128 joint stock land banks, \$17,050 industrial. It has \$29,787 cash and \$222,372 premiums in course of collection. Its premium reserve is \$250,447 and claim reserve \$203,620, contingency reserve \$30,309, capital \$200,000, net surplus \$150,000. The total cash and federal government bonds amount to \$470,481 or 50.5 percent of all the assets. This company writes full coverage automobile policies in one contract, operating in Indiana, Illinois, Ohio, Michigan, Nebraska, Kentucky, Missouri and Colorado.

The Educators Mutual Life Association, Sioux Falls, S. D., has been incorporated by J. F. Gleason, Mary E. Gleason and Frank Vust, to write life, accident and liability insurance.

PROGRESSIVE

in a Sane and Sensible Way

AGGRESSIVE

but not beyond Ethical Limits

EXPERIENCED

in all Phases of the Business

EQUITABLE

with regard to Claim Settlements

FIDELITY AND DEPOSIT COMPANY

FIDELITY AND
SURETY BONDS

OF MARYLAND • BALTIMORE

BURGLARY AND
PLATE GLASS

"The square deal companies"

Pennsylvania Casualty Company and Associated Fire Insurance Co.

SQUARE dealings with agents, brokers and policyholders have built for these companies an enviable reputation. Small enough to take a personal interest in agents, yet large and strong enough to give thorough protection, these companies offer sincere agents a real opportunity. If interested write directly to the Home Office, asking about our special feature policies.

AUTOMOBILE INSURANCE with attractive selling features which make it easy to keep sold including preferred rates to careful and cautious drivers.

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Air Lines Denied Privilege of Liability Limit Clause

RULE OF U. S. APPEAL COURT

Revision of Coverage to \$200,000 to \$400,000 and Rate Changes Are Likely

PHILADELPHIA, Aug. 30.—Underwriting of aviation public liability may be radically altered as result of a decision by the United States circuit court of appeals here voiding the \$10,000 death and injury liability limit clause printed on all air passengers' tickets. The opinion, written by Judge Buffington, held that passenger air lines are common carriers and can not release themselves from liability for death or injury to passengers in accidents.

The ruling came on appeal of the Curtiss-Wright Flying Service. Mrs. Kathleen I. Glose of Norristown, Pa., whose husband was killed in a crash in February, 1930, while flying from Miami to Tampa, had sued the air firm for \$200,000 for herself and her three children.

May Take Case Higher

A jury in the federal court at Newark awarded her \$56,000 in June, 1932, which was cut to \$40,000 by Judge Clark. The Curtiss-Wright firm's appeal was denied here. It plans to appeal to the U. S. Supreme Court.

Most aviation public liability policies are blanket with \$40,000 limit. As a result of this ruling and the \$40,000 verdict, the limits will undoubtedly have to be raised to anywhere between \$200,000 and \$400,000 limits and rates for this coverage will have to be considerably revised.

Asks State Law Be Enforced

Deputy Justice Calls West Virginia Bank Commissioner's Attention to Requirement for Bond in Licensed Carriers

CHARLESTON, W. VA., Aug. 30.—Deputy Commissioner Harlan Justice has asked the state banking commissioner to aid in enforcing a section of state law which he says is now violated by a number of prominent West Virginia banks. This section says that the directors of a bank shall require all employees of a bank "to execute bonds upon forms prescribed by the commissioner of banking, with an indemnity company authorized to transact business in the state of West Virginia as surety." Mr. Justice says London Lloyds has written blanket bonds covering the employees of many West Virginia banks, that it is not authorized to transact business in any state in the United States and recent investigation made by the West Virginia department disclosed that the state is losing a large amount of premium income through the illegal operation of London Lloyds.

Mr. Justice points out that the only way his department could enforce the law is through court procedure, which he describes as a slow process. He says further that in the event of loss under one of the bonds the bank would necessarily be required to go to England to bring suit. He also points out that if the bonds are secured from companies licensed in this state, the license fees secured from the companies will help make the tax burden of the people, the banks and bank employees lighter.

Logan Starts Agency

H. A. Logan, formerly staff adjuster in Seattle for the Zurich, has established a local agency under his own name in the Insurance Exchange, Seattle. The firm represents the Columbia Fire, Detroit F. & M., Ohio Casualty and Mercer Casualty.

PERSONALS

Felix Broeker, former Chicago insurance man who has been engaged in a number of insurance enterprises along promotional lines is now in Indianapolis endeavoring to organize a life company. At one time he was an official of the Atlas Mutual Casualty of Fort Wayne, Ind., and later general manager of the Republic Casualty of Chicago. Since then he has been in trans-Mississippi territory trying to promote enterprises.

Thomas E. Braniff of Oklahoma City, well known insurance man and president National Association of Casualty & Surety Agents, is in the east this week. He visited Chicago, where he met his daughter Jean, who flew on the Braniff Airlines from Oklahoma City. She accompanied her father to New York and from there sailed abroad. She is taking her junior year at the Ecole Hautes Etudes at Freiberg, Switzerland. Miss Jean Braniff took her first two years at Rosary College, River Forest, Ill., a suburb of Chicago. She had the option of taking her junior year at two or three colleges abroad. Mr. Braniff after being in New York went on to Washington for an airplane conference.

A. S. Kirchoff, manager New Orleans branch of the Fidelity & Deposit and American Bonding, spent some time in Chicago on his vacation. His old home is at Bensonville, Ill., and he formerly for several years was on the staff of the Chicago branch under Manager W. H. Hansmann.

R. L. Scott of Seattle has joined the public relations department of the General of Seattle. Mr. Scott has been an expert service man and salesman in the automobile, trucking and tractor fields. His services with the General Casualty will be largely confined to special inspection work on large fleet lines and school buses.

Miss F. M. Robinson, secretary of the Associated Indemnity and Associated Fire & Marine of San Francisco, has been granted a leave of absence until December because of her health. She is one of the few women holding major executive positions in any group of casualty and fire companies in the United States.

C. L. Nelson, resident manager of the Fidelity & Casualty in Louisville for the past 43 years, and the oldest man in its organization in point of service, died there from a heart attack. He started as a special agent for the F. & C. in Louisville. He later became general agent, and made such a fine record that he was called into New York for a time on special work. Mr. Nelson's office supervised Kentucky, Indiana and Tennessee.

President H. A. Behrens of the Continental Casualty and Continental Assurance of Chicago, who has spent the summer at his place on Belvidere Island, San Francisco Bay, is scheduled to arrive in Chicago so as to be at his desk next Tuesday morning.

Opposes Van Schaick Group

H. K. Bradford, deputy securities commissioner of West Virginia, has issued a statement, expressing disapproval of the committee of insurance commissioners, acting for the protection of holders of securities guaranteed by the defunct National Surety. Bradford based his opposition on the ground that Superintendent Van Schaick of New York was in the position of being protector of the National Surety and at the same time head of a committee protecting bondholders, who must eventually bring action against the National Surety.

Insurance Needs Bankruptcy Law

(CONTINUED FROM PAGE 1)

otherwise on property located in their states.

The fact that the proceedings are legally independent of one another is a severe handicap. There is considerable confusion. Files, records, etc., are apt to be concentrated at points remote from the state to which they relate, collateral kept thousands of miles from the place where it was deposited. Mr. Van Schaick said the inability of those representing the estate even to give intelligible answers to inquiries early in the liquidation is "little short of appalling."

This is added to by varying laws of different states regarding filing claims, assistance of assureds being sued, return of collateral and other matters. The tragedy of failure is needlessly aggravated because of lack of uniform laws.

Conflict Between Receivers

Wasteful conflicts between the primary and ancillary receivers are apt to arise, each receiver feeling bound to seize as much as possible of the company's property.

There are grave problems with regard to reinsurance recoverable to the defunct company. Oftentimes companies liable upon the reinsurance may be present and operating in every state in the country. Under the present uncertain state of the law most of the problems are solved largely by compromise. The usual result is a substantial waste of assets, Mr. Van Schaick said.

As distinguished from the unliquidated claim, the contingent claim is found more often in the case of insurance company failures than in other types of insolvencies. The present law is difficult to follow even in a single jurisdiction and it is hopeless to attempt to reconcile the decisions of all states.

A federal law covering the subject should be kept distinct from the main part of the bankruptcy act, Mr. Van Schaick said. He gave broad suggestions as to the contents of such a statute.

Offers Several Suggestions

The state supervisory officials should at any time be permitted to apply to federal court within the jurisdiction of which a company is domiciled for its liquidation or reorganization. If the commissioner of the company's home state refused to act, perhaps permission to a certain number of commissioners from other states to unite in a petition of this kind might be granted.

The court entertaining such an application in the event of an adjudication after a hearing should become the primary court fundamentally in charge of the proceedings throughout the country. Law and practice of this court should prevail throughout, the court to be the distributor of all general funds wherever collected.

There are many evils from too great centralization and each commissioner should have the right to apply to a federal court in his state for appointment as ancillary liquidator, the primary liquidator otherwise having full authority in such state.

Ancillary Receiver's Duties

The ancillary liquidator's duties should be largely those of assisting the primary liquidator in collecting assets and determining local claims and also distributing local special deposits and assets in which there are valid local preferences. Expenses of each liquidator should be drawn exclusively from funds collected by him except in extraordinary cases.

To determine the many minor issues in liquidations there should be referees chosen from special panels appointed perhaps by judges of the U. S. circuit court of appeals, men professionally fitted to direct orderly and expeditious handling of affairs. Necessity for costly

court appearances should be minimized.

An adequate preference for wages of employees should be made to apply universally in all states and uniform preference to workmen's compensation claims likewise should apply throughout the country, such preferences perhaps being made to have superiority over claims of the federal government.

At present the federal preference statute probably overrides all state laws, Mr. Van Schaick said. In case of a surety company which is always confronted with contingent claims on bonds to the U. S. government amounting to many times the assets of the company, the federal preference act literally paralyzes liquidations, he said. Distribution to any claimants even though holding preferred compensation awards is prevented. Claims of the United States should be preferred but should be a controlled preference amenable to other provisions of the law with regard to filing claims and the like.

Yancey Again Is President of Insurance Counsel Body

(CONTINUED FROM PAGE 23)

showed a very healthy condition, both as to membership and finances.

Jury psychology was discussed by G. H. Brown, Utica, N. Y., at the annual convention of the International Association of Insurance Counsel. He made particular reference to cases where insurance companies are involved and called attention to the importance of the subject. He said the primary purpose of the trial lawyer is not to make the record as the basis for an appeal but to attain a favorable verdict. He said one point which is preeminent is the establishment in the minds of the jury that the attorney is unquestionably fair in all his court activities, and he should not promise in his opening argument more than he is able to prove. He said the reaction is bad in the minds of the jurors.

Sharp Difference of Opinion

There is a question of admitting to the jury that the client is insured, said Mr. Brown, concerning which there is a sharp difference of opinion. In cases where there is collusion between the plaintiff and defendant or where the relationship of the parties or testimony in the case clearly indicates insurance, Mr. Brown feels that the wisest course is to frankly admit the true situation. Most jurymen drive automobiles, he said, and the majority are insured. When in all frankness the attorney admits the insurance he can point out to the jurors that in proper cases insurance companies should pay, but where there is no liability he can argue with persuasiveness that the insurance companies are entitled to justice. Jurors are not slow to appreciate the point that premium rates will rise proportionately with the increase in plaintiff verdicts.

Judge Brown's address created probably the liveliest discussion of any presented at the meeting. Most of those present were trial attorneys and it dealt directly with problems which they have to meet every day. Members were on their feet all over the floor, anxious to tell about cases in which the points that he had made proved particularly applicable.

The addresses given by M. P. Cornelius, Continental Casualty; G. W. Denmead, New Amsterdam Casualty; G. L. Naught, American Surety; H. R. Gordon, Health & Accident Underwriters Conference; R. M. Knepper, Columbus, O., and Mr. Drake are reviewed elsewhere in this issue.

Blue Goose Bars Further Limitations in Insurance

(CONTINUED FROM PAGE 3)

committee in the local ponds 60 days before pond officers are to be elected. Ganders residing in territories not within the jurisdiction of a local pond

automatically are to be transferred to any pond which may later be organized for the territory where they live.

At the conclusion of the debate on the insurance question the delegates voted on a separate resolution expressing the will of the convention as being opposed to permitting the grand nest officers to accept any further restrictions. After a vote had been taken, a point of order was made that the convention had already expressed itself when adopting the report of the special committee on the grand gander's address. A special committee, W. E. Mallalieu, W. T. Benallack and L. T. Hargreaves, was appointed to bring in a ruling. This committee decided that the chair would have been justified in ruling the special resolution out of order, stated that the convention had expressed itself on the procedure to be followed by the grand nest officers when it adopted the report on the grand gander's address and recommended that the discussion which had taken place on the group insurance plan should be spread on the record. This report was approved.

Omaha Is Selected

S. L. Gardner and P. K. Walsh were the spokesmen in seeking the 1934 convention for Omaha. Delegates Law of Minnesota and Benallack of Michigan presented Minneapolis and Detroit. The vote was unanimous for Omaha. No

contests developed in the selection of officers. On behalf of the visitors, Mr. Benallack, who led the installation work when the Ontario pond was organized 25 years ago, thanked the Ontario hosts for their hospitality. The delegates listened to words of greeting from Lyman Root, the first most loyal gander of the Ontario pond. Rosalind Johnson, assistant in the grand nest office, was voted a special gift of \$25. On behalf of the order, Mr. Benallack presented the past most loyal grand gander's pin to Mr. McKinley.

L. H. Bridges, the new head of the order, announced he would call upon the other grand nest officers for an acceptance of responsibility in accord with the recommendations of Mr. McKinley. He urged appointment of more young men to important positions in the ponds and said he would bring new blood into grand nest operations. Visits to neighboring ponds, activities in city puddles, careful supervision of Blue Goose relief, were suggestions of Mr. Bridges. He looked forward to the time, he said, when the Blue Goose might have a home for older members who are in need of assistance. He outlined his policy on insurance as one which would preserve and defend what had been done to date, but would not involve the order in the expenditure of any large amount of time or money for any further promotion of the insurance plan.

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New York Assured at week-end party in Georgia, volunteered to bring two of the guests back to town. The accident injured badly the two guests and the assured. Before the latter could even have his injuries dressed, an attachment was placed by his guests on his expensive car. Our agent learned from the service card that the assured had a Maryland Casualty policy and secured release of car at once.

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Cornelius Views Casualty Problems

(CONTINUED FROM PAGE 23)

that substantial losses have been incurred during the period between the change in conditions and the change in rates.

Another obvious defect in automobile rate making is not taking into account, except indirectly and to a very limited extent, the real measure of exposure, which is mileage. One assured may drive his car 5,000 miles and another 20,000 miles. The rate is the same. However, there is a practical obstacle to basing the rates on a mileage basis, as a mechanism which could not be tampered with, would have to be devised which would register the mileage. This would have to be installed in every assured's car. The added expense of checking the meters would make the total cost too high to be practical.

Many underwriters, said Mr. Cornelius, have advocated basing the rate differentials upon occupation, on the theory that on a broad average the mileage would vary with the vocation. However, there would be so many exceptions to the general rule that there would be great inequities in the application of such a scheme. There would have to be elaborate and refined classifications that would entail prohibitive clerical and statistical work.

Compensation Problem Most Serious

The compensation problem constitutes the most serious difficulty at present. It is common knowledge that compensation insurance constitutes a veritable catastrophe for casualty insurers. In discussing the basic difficulties, Mr. Cornelius said that the political resistance to the necessary rate increases and the liberal interpretations of the compensation acts in favor of injured workmen, have worked great hardship on the insurers. The medical costs are also ever mounting. The compensation acts are continually being extended and liberalized through legislative enactment. The lag between the liberalization and increase in rates has contributed heavily to the losses.

"The situation," said Mr. Cornelius, "constitutes a most aggravated illustration that the experience of the past has been no criterion of future experience and that rates based upon past experience have proven to be woefully inadequate."

Hindered by Politics

In attempting to solve compensation problems the companies have been hindered by the political opposition to increased rates and necessary expense loading. The measuring stick for determining rates has been found woefully defective, said Mr. Cornelius. The theory of using payroll as a basis for determining premium is sound only on the assumption of a uniform and fixed wage level. When wages are continually fluctuating this method becomes entirely unsound. In recent years the decreasing wage scales have shown this method to be definitely inadequate. Basing premiums on the actual hours of labor irrespective of wages also presents difficulties and would mean the establishment of a new system involving mechanical, clerical and statistical complexities that would run up the costs.

The problems presented in connection with compensation insurance are tremendously important. The only comfort that can be derived from the situation, said Mr. Cornelius, is the fact that the companies, the public and the various political bodies having supervision of rates are gradually becoming alive to the gravity of the situation and the imperative necessity of some radical corrective action.

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